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Pensions & Investments

The Newspaper of Corporate and Institutional Investing

Special Issue/$15

1992

REAL ESTATE INVESTMENT MANAGERS

Directory

NEWS DIGEST

DOUGLAS C. KLAUBA

Old-fashioned investors are going the way of Neanderthal man, thanks to an investment industry that stresses theory and security prices over companies. In Commentary, Page 12.

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Consultant survey in the mail

Work has begun on *Pensions & Investments'* annual survey of investment management consultants. The questionnaires were mailed Aug. 21, and are due Sept. 27. The resulting profiles will be published in the Nov. 9 issue of *P&I*. If you want to be included in the directory but have not received a questionnaire, call Karen Waters, directory coordinator, at (312) 649-5240.

Business picks its fights

SEC proxy reform gets 600 letters, but on few issues

By Joel Chernoff

WASHINGTON — With a major overhaul of the nation's proxy rules a virtual certainty, corporate America is focusing its attack on a narrow band of issues.

The issues include rules that would exempt shareholders from reporting oral discussions on proxy votes, a proposal allowing a dissident shareholder to include management nominees on his proxy ballot, and what's viewed by business as an alarming amount of proposed disclosure on executive pay practices.

Meanwhile, public and union pension executives and shareholder groups are jubilant over the proposed changes, and are asking for additions in a few key areas, such as restricting potential liability for shareholders and seeking increased disclosure on compensation paid to corporate directors.

While complete opposition to a thorough reform was a typical stance just a few months ago, big business apparently has accepted the inevitability of the Securities and Exchange Commission overhauling rules affecting shareholder communications and disclosure of executive compensation practices.

Almost 600 comments had been filed with the SEC by late August, with Aug. 31 being the last day for submitting responses to the hefty proposals. SEC Chairman Richard C. Breeden has promised swift action on the rules after 2½ years of debate, and has said the final rules will be in place in time for the 1993 proxy season. That means final rules might be out sometime in October, experts said.

Business efforts to delay adoption are being met with a deaf ear by the SEC. The SEC denied a request by The Business Roundtable, a heavyweight group of top chief executive officers, to seek a 45-day extension of the comment period on the proposed executive pay rules.

In addition, the vitriolic rhetoric contained in some business groups' comments just a year ago appears to have toned down. No longer is there discussion of secret back-room dealings. Instead, comments relate far more to revisions in the proposals, although a few outright oppose the executive pay proposals.

Industry leaders objected strongly to the proposal's eased requirements for shareholder communications. The American Society of Corporate Secretaries Inc., New York, argued the SEC should not confuse "free speech" with the need to provide adequate disclosure to shareholders.

"Speech and disclosure are not antithetical. Under the securities laws they are intended to be complementary," wrote Richard H. Troy, chairman of the corporate secretaries' proxy system committee.

Under current rules, a shareholder contacting more than 10 other shareholders on a proxy

See **Proxies** *on page 33*

No siesta for Mexican market

Trade pact may lead to volatility

By Christine Philip

The Mexican market will be a volatile field until exact terms of the North American Free Trade Agreement are revealed.

"The markets are already hedging their bets and are not discounting a fight in the U.S. Congress," said Robert Meyer, a portfolio manager in the emerging markets group of Morgan Stanley Asset Management, New York. "The Mexican market would be higher now if NAFTA was a certain thing. I would be more heavily weighted in Mexican equities now if I was certain when NAFTA would be ratified. I definitely expect a volatile Mexican market in the next year."

Morgan Stanley has a 10% weighting in Mexico in its emerging markets fund and 35% weighting in the Latin America fund.

NAFTA formally will establish a free trade area among Canada, Mexico and the United States,

AP/WIDE WORLD PHOTOS

U.S. Trade Representative Carla Hills negotiated NAFTA for the United States.

consistent with the General Agreement on Tariffs and Trade. The agreement will eliminate trade barriers, promote fair competition and provide a mechanism for settlement of trade disputes.

Mexico is seen as the clear winner by some, benefiting enormously from the terms of the accord.

"This agreement will make a huge, significant difference for Mexico, both for its economy and for its capital markets. It is less important for Canada and the U.S," said Mr. Meyer.

Other investors think the effects of NAFTA will be less significant to Mexico. "Our view is that the FTA is icing on the cake in the view of investment in the U.S., Mexico and Canada," said Soraya Betterton, investment manager for Latin America for G.T. Capital Management Inc., San Francisco. "It is not as if the FTA is starting off with countries that haven't already been trading with each other. Capital investment in Mexico has been increasing in recent years anyway, with relaxation of some trade barriers. Free trade will encourage only marginal relocation by northern companies to Mexico, and it is difficult to find Mexican companies that will be directly affected in a positive way by the agreement."

Citing Mexico's recent poor

See **NAFTA** *on page 31*

PBGC haunts Chrysler banks

By Mariene Givant Star

HIGHLAND PARK, Mich. — Without even being a party to the negotiations, the Pension Benefit Guaranty Corp. left a distinct mark on the $6.8 billion loan package secured by Chrysler Corp. earlier this month.

Chrysler's agreement pledged all of Chrysler Financial Corp.'s assets as collateral — which it hasn't done since 1980 when it needed federal loan guarantees to stave off bankruptcy. The pledge was made largely because bankers were afraid that in the event of another bankruptcy, Chrysler could be seized by federal pension regulators to make up the company's more than $4 billion unfunded pension liability. Now, because of the collateral, the 152 lenders have first crack at the finance subsidiary if trouble arises.

The PBGC has become "the proverbial 10,000-pound gorilla," said Robert Miller, partner at Berlack, Israels & Liberman, a New York law firm. "In cases where there is a big accrued pension fund liability, they've become a real force to be reckoned with."

The PBGC's growing powers also are evident in its involvement with Trans World Airlines Inc.'s efforts to restructure and emerge from Chapter 11 bankruptcy proceedings. TWA has reached agreement with its unions on the proposed restructuring, but the PBGC still wants TWA owner Carl Icahn to provide more backing for the airline's $1.2 billion in pension underfunding before allowing the deal to go through.

Michael Mulvaney, assistant vice president of Moody's Investors Service, New York, said the Chrysler agreement provides "a basis where the company can go on and hopefully begin funding the unfunded (liability). I'm sure (the PBGC) was a factor. I would imagine the banks may well have been

See **Chrysler** *on page 31*

Investors to Bush: Detail spending cuts

Still, election now becomes a horse race

By Curtis Vosti

President Bush's call for tax and spending cuts has met largely with indifference from institutional investors.

Those interviewed shortly after the end of the Republican convention said the president's message will be ineffective unless coupled with specific spending cuts, which Mr. Bush didn't enunciate, and a change in Congress.

And at least one money manager interpreted the stock market slump and the sharp decline of the dollar as signs the markets already believe President Bush will lose the election.

Still, many said the proposal, which includes a taxpayer checkoff for deficit reduction, accomplished what they perceived as the primary convention task of Mr. Bush: set a campaign agenda and narrow the popularity poll gap between him and Democratic challenger Bill Clinton.

"Most of the market participants think there is really not much substance to the president's proposals," said Ian MacKinnon, senior vice president and head of fixed-income investing for The Vanguard Group of Cos., Valley Forge, Pa. "It contained nothing that the president or the Congress seems willing to do."

William H.S. Preece, director of employee financial programs at Abbott Laboratories, Abbott Park, Ill., said, "Most of the capital markets view the deficit as a problem of some sort, and that won't go away with a tax cut.

"The checkoff is seen as not all that effective, and the tax cut is viewed negatively by the bond market, unless there are some hard-core spending cuts."

Still, Mr. Preece believes the election "now seems to be a real horse race."

The call for a tax cut was necessary and positive for the economy, considering two-thirds of the gross national product is driven by consumers, said Norman Benedict, deputy executive director at the Colorado Public Employees' Retirement Association, Denver. "I think (Mr. Bush) realizes he has to delineate a business plan," he said. Mr. Benedict added he was impressed with the president's emphasis on free trade.

Many of those interviewed indicated they thought Mr. Bush's speech helped the president's reelection efforts.

"I think he will get a terrific boost out of the convention," said John Rogers, president of Ariel Capital Management, Chicago.

"It will temporarily boost him a bit," said Martin Sass, chief investment officer of M.D. Sass Investors Services Inc., New York.

Mr. Bush's speech might have lifted his re-election efforts, but it didn't help the stock market. The Dow Jones Industrial Average dipped 50 points Aug. 21, the day after his speech, and 26 points Aug. 24, the next trading day.

While some say the market drop was more reflective of the weak dollar, others said the markets would have bounced back harder if Mr. Bush's program were workable.

"The markets have shrugged off that plan as being unrealistic," Mr. Sass said.

"(Mr.) Bush didn't outline any specifics as far as the spending cuts. I don't believe anyone is taking it seriously, not unless it's disciplined with spending cuts that are really doable.

"What the market hates is uncertainty."

But David Hale, chief economist for Kemper Financial Services Inc., Chicago, believes the message Mr. Bush sent was about as certain as one could get.

"Republicans always have to come out for tax cuts. The question is: Will the voters buy it? They are taking the course to dis-

See **Bush** *on page 33*

AP/WIDE WORLD PHOTOS

The ethnic fighting in Bosnia-Herzegovina is making investors cautious about nearby countries.

Portfolios safe despite war

Global investments largely untouched by Balkan strife

By Marlene Givant Star

Serbia's bloody seizure of large swaths of Bosnia-Herzegovina prompts some investors to question whether the degree of ethnic strife in the Balkans could trigger similar unrest in other countries.

To some extent, the civil war also has stunted the development of neighboring Eastern European markets by scaring away would-be corporate and institutional investors.

Nevertheless, Global Proxy Services Corp., a Boston consulting firm, has been contacted by a group of banks and insurance companies in Croatia and Slovenia and is discussing possible cooperation in structuring deals targeted at U.S. and other Western institutions. To date, few if any U.S. institutions have invested in the former Yugoslav republics and potential activity is on hold until the war ends.

Given that no institutional investors are believed to have investments in the Balkans, unless industrialized Western nations are drawn into the conflict in a major way — which economists and investment managers don't expect — the affect of the war on global portfolio investment overall will continue to be minimal.

"Closed economies such as the former communist countries of Eastern Europe like Bulgaria, Albania and Yugoslavia really had very little economic interaction with outside economies, so the impact of a political shock or even a civil war on the rest of the world will be very limited," said John Greenwood, chief economist of G.T. Capital Management Inc., San Francisco.

He added that Italy and Austria have some companies with small exposures to Yugoslavia, but those markets are not highly weighted in the firm's international portfolios.

Dobrinka Kazgan, research analyst at Emerging Markets Management, Washington, which runs $1 billion for pension funds and individuals, said certain Greek companies also have been affected because half of Greek exports are routed by truck or railway through Yugoslavia.

"Right now it's not affecting our (Greek holdings) but it will be something we will be considering if we look at other Greek companies," she said.

Magten Asset Management Corp., New York, which invests in sovereign debt in emerging markets, is staying on the sidelines because of the war.

"Yugoslavia has sovereign debt we will eventually buy, but that's been put further into the future because of the problems," said Barbara Justiz, managing director of Magten, which runs $550 million in distressed bonds. Magten's only Eastern European exposure is to U.S. dollar-denominated Polish sovereign debt, which comprises 1% to 2% of its emerging markets bond portfolio.

Barbara Morrow, president of Barronett Global Investors Inc., New York, which has holdings in Hungary, Poland and Turkey, said Austria is the only developed

See **Strife** *on page 31*

AP/WIDE WORLD PHOTOS

Although President and Mrs. Bush reveled in the heady convention atmosphere, his acceptance speech didn't galvanize investors.

Low returns cut foreign hirings

By Christine Philip

Pension executives slowed the rate of international manager hires during the first six months of 1992, reacting to the poor performance of markets worldwide.

Consultants, however, expect the slowdown to be only a momentary lull, with activity picking up during the second half.

"Sponsors have tended to allocate by looking over their shoulders at what has happened, not necessarily by looking forward," said Gregory C. Allen, vice president and manager of quantitative consulting services for Callan Associates Inc., San Francisco.

"The underperformance of the international markets over the past two or three years has cooled interest."

The Morgan Stanley Capital International Europe Australia Far East Index returned −0.3% for the year ended June 30 and an annualized −2.9% for the three-year period; the MSCI World Index returned 4.8% and 2.6%, respectively. The Salomon World Government Bond Index's one-year return was 20.5% and for three years, 12.7%; the Salomon World Bond Index returned 21.8% and 12.5%, respectively.

"The schedule has slowed, but you will still see activity, with a lot of public funds moving in," Mr. Allen added.

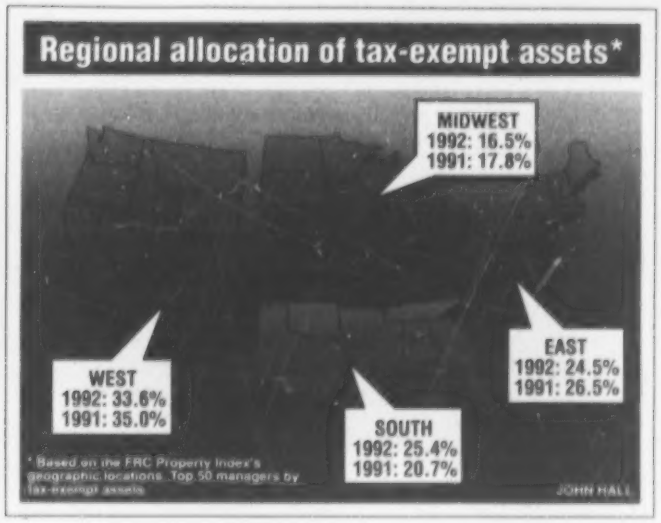
A survey by Greenwich Associates, Greenwich, Conn., found 13% of the 1,568 funds surveyed plan to start using international equities in 1992; another 5% plan to start using international fixed income.

According to Glenn Davis, partner at Eager & Associates, Louisville, Ky., active equities received the most interest in the overseas arena from pension fund investors during the first half of the year.

The firm's Tracker data base found 74 active international equity manager searches during the six months ended May 31; the next most popular searches were for international indexed equities and international active fixed-income, with six searches in each category. During the same period in 1991, there were 77 searches conducted for international active equity managers, nine searches for international active fixed-income managers and seven for international indexed equities.

Mr. Davis and other consultants interviewed said they expect the popularity of active equity management — especially in EAFE countries — to continue. Other

See **Overseas** *on page 32*



'Other' big winner in real estate mix

Survey finds most property types tumble

By Steve Hemmerick

Real estate investment managers are decreasing their investments in office buildings, the asset class' worst-performing property sector.

According to *Pensions & Investments'* 10th annual survey of real estate investment managers, the managers had 29% of their assets in office properties as of June 30, down sharply from 36.8% a year earlier.

A substantial part of the decline in exposure to offices could result from the falling value of such properties.

Investments in retail, meanwhile, decreased to 22.7% of assets from 24%, while those in multifamily properties — primarily apartments — dropped to 9.3% from 10.8% a year earlier. The decline in multifamily investing is surprising, because that's one of the few property types for which pension investors have shown any appetite. The change might have come from some real estate money managers that invest in apartments falling out of the list of the top 50 advisers.

Investment in industrial properties declined to 14.3% as of June 30 from 16.6% a year earlier. Hotel and resort investments stayed the same, 2%; land, a new category this year, got 6% of the pot.

The biggest increase in property type came in "other," which includes research and development properties, mobile home parks, timberland, mixed-use buildings and parking garages. Allocations to this miscellaneous category increased to 16.7% as of June 30, from 9.8% a year earlier.

Increasingly, advisers appear to be sticking with existing properties and staying away from developmental ones.

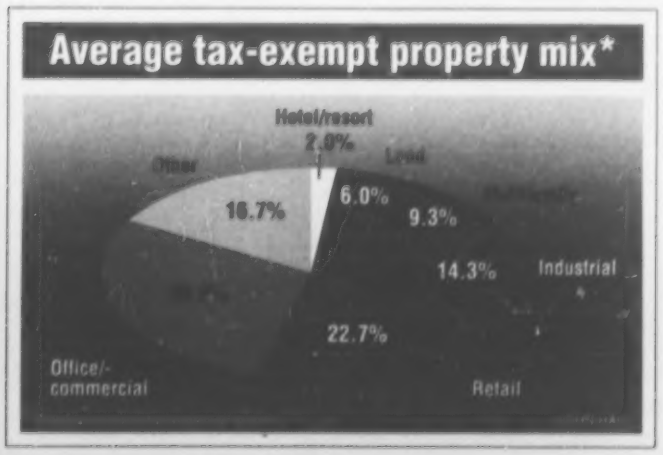
According to the *P&I* survey, among investment managers doing developmental deals, the percentage of assets invested in them declined to 13% as of June 30 from 22% the previous year. At the same time, managers increased their percentage of assets in existing properties to 96% from 93%.

Geographically, the South was the major beneficiary. Real estate money managers said they have allocated 25.4% of their assets to properties in the South, up from 20.7% a year ago.

All other regions showed a decrease: the West fell to 33.6% as of June 30 from 35% a year earlier; the Midwest, 16.5% vs. 17.8% a year earlier; and the East, 24.5% from 26.5%.

The amount of assets advisers are investing in properties for non-U.S. clients declined to $12.7 billion from $17.1 billion. The amount real estate advisers invested in non-U.S. properties declined to $5.3 billion from $7.6 billion.

The number of separate account clients for equity real estate declined slightly, to 354 from 359 the previous year. ■



AEW taking new direction

Staff losses, low performance make clients wary

By Steve Hemmerick

BOSTON — Two more top executives are leaving Aldrich, Eastman & Waltch as the firm suffers from some investment returns that are among the lowest in the industry.

The tumult at the downsized advisory firm known for its innovative, often leveraged dealmaking has caused some tax-exempt investors to express alarm and to seek advisory fee rollbacks.

AEW, which manages more than $4 billion for clients, has gone through a sharp restructuring that has pushed the firm in new investment directions and has cut 20% of its work force.

AEW has replaced its once broad real estate focus with a specialized one. It now does comparatively few new hybrid investments — once one of its trademark investments in which it has invested $2.2 billion — and few or no joint ventures with developers.

AEW has sent a confidential letter to clients discussing some of the most recent changes. Since January, four directors have left AEW, and two more senior executives — including the firm's president — will leave later this year.

The changes are being watched closely by clients because personnel moves and a firm's morale can be critical indicators of an investment manager's future performance.

Larry Doyle, a former AEW director who left in July, said AEW has been going through a "tremendously difficult time."

He said AEW has done close to $3 billion in workouts on its own real estate portfolios over 18 months. AEW also has written down its portfolios to current market values, he said.

During the AEW upheaval, "I would say a lot of (AEW) people were fairly upset . . . a lot of people left under less than happy circumstances," said Peter Norstrand, a former principal who joined AEW in its beginning year in 1981. Mr. Norstrand, who left in the fall of 1990, now is president of Sun Capital Advisers Inc., Boston, a real estate advisory firm.

"When things get tough you have to pull together. You have to hunker down," said Mr. Norstrand. But that didn't happen at AEW when it was needed, he said.

Charles Burd, a regional investment director who left the firm in June, said if AEW had dealt with its problems earlier, he might still work there.

Lower-than-expected returns from its investments drove some of the changes at AEW. The firm made a couple of investments in Texas "that I personally disagreed with. They just turned out wrong," said Mr. Norstrand.

One — with Centre Development Co. Inc., Dallas — turned into a major disaster for AEW, Mr. Norstrand said.

AEW had been a major financial partner for Centre since the mid-1980s. But last year, Centre, burdened with heavy debt, announced it was disbanding.

According to the Dallas Business Journal, AEW in February 1991 took over control of CentrePort in Dallas, Centre's signature development. AEW acquired more than 125 acres of buildings and vacant land.

In an interview this month, Peter Aldrich, AEW president, declined to discuss the Centre investment, saying it would violate client confidentiality.

AEW dealmaking also has turned sour on some of the closed-end commingled real estate funds it manages for State Street Bank and Trust Co., Boston.

For the year ended March 31, the median return for closed-end funds in the PIPER universe was −7.7%. For the same period, AEW-State Street Real Estate Fund II returned −35.7%, AEW-State Street Fund V returned −29.7%; AEW-State Street Fund VI returned −21.9%; AEW-State Street Fund IV returned −15.7%; and AEW-State Street Funds I and III returned −9.4%.

AEW had been lauded by other real estate managers and consultants in the 1980s for its innovative deals, joint-ventures and capitalization of developers.

But some of those deals, and particularly the use of debt, later aggravated investment performance problems for AEW, said Joseph Azrack, AEW chief investment officer.

In 1990, AEW executives found Dallas "wasn't a lot of fun" because the Dallas real estate market didn't rebound as expected, said Mr. Azrack. In 1991, AEW did "serious remedial" work on its California portfolio, and the firm still finds the New York area challenging, he said.

Troubled performance and personnel changes have caused concern among some AEW clients.

Dan Gallagher, an investment officer with the $3.5 billion Los Angeles City Employees' Retirement System, said of AEW's personnel changes, "We're always concerned about what the potential impact might be when people of substance leaves a firm." He said the system's trustees are awaiting a report on AEW from its consultant. The retirement system has $20 million with AEW.

The $12 billion Western Conference of Teamsters Pension Trust, Seattle, "is looking at its options right now," Joseph Ballew, first executive director, said about poor investment performance from AEW and other real estate advisers.

Mr. Ballew said his fund isn't happy about AEW's performance, and he is considering reducing the fees of underperforming real estate managers. He declined to be more specific. He said his fund's investment with AEW is very small.

Dorothy Holt, pension administrator for the $130 million Fort Lauderdale (Fla.) General Employees Retirement System, said her fund has received a letter from Mr. Ballew's fund asking about seeking a retroactive reduction in fees for investors in AEW-State Street funds. Mr. Ballew fund would not comment on the letter.

Ms. Holt said her fund, which has $2 million in AEW-State Street Fund VI, is concerned about AEW's performance and personnel changes. She said the fund hasn't taken any action on the Teamsters letter yet, but she noted AEW recently approved a fee reduction on cash held for the amount above 15% of the original investment by investors in

See **AEW** *on page 26*

TOM REED

Peter Aldrich has overseen a dramatic restructuring in the realty firm he founded.

Execs won't be replaced after leaving realty firm

Since January, Aldrich, Eastman & Waltch, Boston, has lost four executives, with two more expected to leave later this year.

Bill Helm, AEW president and chief operations officer, and Michael Steinberg, a longtime AEW director, will be leaving before year end.

Larry Doyle, another director, left in July, and Charles Burd, a regional investment director, left in June.

None of them is being replaced, and their responsibilities are being distributed among existing employees, said Peter Aldrich, a partner and a founder of the firm.

Mr. Helm said he is leaving because he wants to be a sole chief executive officer at a company. He said that even though he is leaving, he will continue to be a director and a shareholder. Mr. Helm said his leaving is "totally voluntarily."

Mr. Steinberg is leaving Sept. 30 to return to law practice at Goodwin, Procter & Hoar, Boston. Mr. Steinberg said law "was his first love."

Since his departure, Mr. Doyle has become a part owner of the Swansea Country Club golf course in Swansea, Mass.

Joseph Azrack, AEW chief investment officer, said Mr. Burd, who had been responsible for investments principally in Texas, left after he declined to move to Los Angeles.

Mr. Burd described his leaving as a "mutual split."

In January, directors Bruce Freedman and Christopher Soles left.

According to Renny Merritt, an AEW director, Mr. Freedman's decision to leave was a mutual one, and Mr. Soles left because his position had been eliminated.

— Steve Hemmerick

Real estate investment advisers ranked by tax-exempt assets*

(As of June 30)

Company	Tax-exempt assets ($ mils.) Total	Equity	Hybrid debt	Mortgage	Fully discretionary	Taxable/tax-exempt assets ($ mils.) Total	Equity	Hybrid debt	Mortgage
1. Equitable Real Estate	10,981	10,119	31	831	10,981	34,153	18,420	1,253	14,480
2. JMB Institutional Realty	8,910	8,756	154		8,307	9,168	9,023	145	
3. Copley Real Estate	8,750	8,750			8,713	14,067	14,067		
4. Heitman Advisory	6,912	6,150	700	62	3,384	7,443	6,681	700	62
5. Prudential Realty Group	5,863	5,377		486	5,483	41,586	15,210	208	26,168
6. GE Investments	4,700	4,150	150	400	4,700	4,700	4,150	150	400
7. Yarmouth Group	4,505	4,325	180		3,950	7,355	6,875	480	
8. RREEF	4,454	4,395	59		3,077	4,943	4,827	116	
9. LaSalle Advisors	4,300	3,580	720		2,500	4,300	3,580	720	
10. Aldrich, Eastman & Waltch	3,980	915	2,325	740	1,500	4,080	1,000	2,285	795
11. TCW Realty Advisors	3,865	3,466	399		2,556	3,865	3,466	399	
12. Aetna	3,713	3,058	507	148	3,070	25,250	5,137	747	19,366
13. Alex. Brown Kleinwort Benson	3,300	1,815	914	571	988	3,300	1,815	914	571
14. Corporate Property Investors	2,702	2,500		202	2,702	4,816	4,300		316
15. O'Connor Group	2,491	2,291	200		989	2,632	2,432	200	
16. Jones Lang Wootton	2,255	1,912	343		743	2,255	1,912	343	
17. McMorgan	2,017	393		1,624		2,017	393		1,624
18. Sentinel Real Estate	1,903	1,817		86	1,343	2,226	2,130		96
19. CIGNA	1,820	1,670	146	4	1,246	15,579	2,644	1,335	11,600
20. L&B Real Estate	1,777	1,622	155		872	1,779	1,624	155	
21. J.P. Morgan	1,668	706	962		1,600	1,760	706	1,054	
22. Latimer & Buck	1,439	256	455	728	826	1,439	256	455	728
23. MIG Realty Advisors	1,367	1,185	51	131	523	1,367	1,185	51	131
24. Balcor	1,330	700	630			4,045	2,514	630	901
25. Hancock Timber Resource	1,305	1,305			1,305	1,315	1,315		
26. INVESCO Realty Advisors	1,161	476	460	225	375	1,161	476	460	225
27. Boston Co.	1,086	406	680		314	1,086	406	680	
28. Kennedy Associates	1,035	788	197	50		1,035	788	197	50
29. Metropolitan Life	952	952			909	28,800	12,000		16,800
30. Mellon/McMahan*	881	664	100	117	426	1,049	782	136	131
31. AMB Institutional	879	818	61		242	1,586	1,524	62	
32. Metric Institutional	803	778	11	14	803	2,345	2,320	11	14
33. L.J. Melody	791	253	227	311		1,934	253	276	1,405
34. Kensington Realty	788	372	403	13	694	788	372	403	13
35. CB Commercial Realty	780	745	26	9	536	780	745	26	9
36. PMRealty Advisors	718	649		69	635	758	689		69
37. Campbell Group	710	710			710	710	710		
38. Wells Fargo Realty	682	492	182	8	233	682	492	182	8
39. Cabot Partners L.P.	676	676			676	759	759		
40. Phoenix Home Life	660	252	154	254	412	2,182	532	605	1,045
41. Schroder Real Estate	640	640			460	1,040	1,040		
42. PSI Institutional	622	622				622	622		
43. ASB Capital Management	611	462	149		88	611	462	149	
44. NationsBank	611	558	51	2	564	611	558	51	2
45. Karsten Realty	560	529	20	11	560	720	689	20	11
46. Property Capital	554	413	115	26	554	808	508	274	26
47. Trammell Crow Realty Advisors	548	548			424	2,360	2,360		
48. Citicorp Real Estate	528	468	59	1	379	850	790	59	1
49. Dreyfus Realty	513	485	28		503	513	485	28	
50. Union Labor Life	462			462	462	662			662
51. Eastdil Realty	449	424	19	6	346	4,388	2,104	2,079	205
52. Resource Investments	413	413			413	413	413		
53. Endowment Realty Investors	362	306	56		362	362	306	56	
54. Birtcher Realty	358	218		140	288	358	218		140
55. Dusco	340	340			340	1,052	1,052		
56. State Street Bank	307	181	126		307	403	237	166	
57. FFCA Institutional Advisors	301	232	69		301	1,165	1,010	155	
58. Thomas	285	225	60			285	225	60	
59. Coventry Realty	282	282			48	304	304		
60. Capital Consultants	279	47	91	141	279	303	45	111	147
61. Standard Life	277	194		83	277	4,904	866		4,038
62. Amli Institutional Advisors	249	249				644	644		
63. Wachovia Bank/North Carolina	214	214			214	227	227		
64. Hancock Realty	205	205			205	1,894	1,894		
65. RMI Capital Management	185	50		135	185	185	50		135
66. S.L. Green	150		150		150	350		150	200
67. Prentiss Properties	146	146				146	146		
68. K.S. Sweet	140	140				555	555		
69. Loeb Partners	135	135				700	700		
70. Hart Advisers	116	62	19	35		116	62	19	35
71. Batterymarch Agrivest	103	103			103	145	135		10
72. Cozad/Westchester Agricultural	90	90			90	90	90		
73. First Asset Realty	75	75			75	75	75		
74. E. Scott Urdang	64	21	40	3	64	64	21	40	3
75. Forest Investment	62	62			62	89	89		
76. Hancock Agricultural	42	38		4	42	1,927	267		1,660
77. US Realty Advisors	25	25				152	152		
78. American Agricultural	18	18			18	25	25		
79. Avanti Investment	10	10			10	87	87		
80. American Ventures Realty	5	5			5	5	5		
TOTAL	120,245	99,479	12,634	8,132	86,057	380,584	158,028	18,796	104,282

* As of March 31

GRAPHIC BY JOHN J. BOHORQUEZ

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Aetna Life Insurance Co./Aetna Realty Investors

151 Farmington Ave., Hartford, Conn. 06156; (203) 275-0123

	($ millions)
Tax-exempt real estate assets	3,713
Equity	3,058
Hybrid debt	507
Mortgages	148
Commingled or pooled funds	
Equity	2,470
Hybrid debt	460
Mortgages	12
Direct, separate accounts	
Equity	588
Hybrid debt	46
Mortgages	137
Total real estate assets	25,250
Equity	5,137
Hybrid debt	747
Mortgages	19,366

As of June 30, Aetna Life Insurance Co./Aetna Realty Investors had $3.713 billion in U.S. institutional tax-exempt real estate assets, of which $3.07 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.892 billion as of June 30. Contributions received but not invested were $142 million; contributions committed but not received were $24 million.

Total real estate assets under management were $25.25 billion, of which $142 million was invested for non-U.S. clients and $32 million was in non-U.S. properties.

Of the U.S. tax-exempt assets, 98.2% was in existing and 1.8% in developmental properties. The property mix was 4% hotel/resort, 1% land, 29% multifamily housing, 7% industrial, 21% retail, 27% office/commercial, and 11% office R&D.

The geographic mix was 43% West, 12% Midwest, 31% East and 14% South.

The firm offers open- and closed-end commingled funds, including closed-end specialty accounts; open-end participating mortgage accounts; single property and individual separate accounts.

The Union Separate Account (USA), an open-end account, has contributions received and invested of $70 million and contribution received, but not invested, of $1.6 million. USA is an aggressively managed core portfolio of participating mortgages and equity real estate. USA invests only in union-built properties. Investments consist of mortgage interests, land underlying commercial income-producing property and acquired properties that were mortgage investments. Current emphasis is on industrial and retail investments in targeted markets.

Union Residential Mortgage Account (URMA), an open-end fund, has contributions received and invested of $7.3 million; contributions received but not invested of $800,000 and contributed committed but not received of $3.4 million.

The Real Estate Separate Account (RESA), an open-end fund, has contributions received and invested of $1.341 billion and contributions received, but not invested of $57 million. RESA is an actively managed core portfolio of equity real estate, focusing on existing, well-leased properties with expansion or rehabilitation potential. Forward commitments on to-be-built properties are made on a limited basis. Investments have been structured as wholly owned properties or as partnership ventures. The current strategy focuses on apartments, industrial and retail properties.

The Participating Mortgage Separate Account (PMSA), an open-end fund, has contributions received and invested of $695 million and contributions received, but not invested of $42 million. PMSA is an aggressively managed core portfolio of participating mortgages and equity real estate. Investments consist of mortgage interests, land underlying commercial income-producing property and acquired properties that were mortgage investments. Current emphasis is on industrial and retail investments in targeted markets.

The parent company is Aetna Life and Casualty.

Rodney C. Dimock is in charge of making property investments; John E. Arant III is client contact.

Aldrich, Eastman & Waltch

225 Franklin St., Boston, Mass. 02110; (617) 261-9000

	($ millions)
Tax-exempt real estate assets	3,980
Equity	915
Hybrid debt	2,325
Mortgages	740
Commingled or pooled funds	
Equity	195
Hybrid debt	715
Direct, separate accounts	
Equity	720
Hybrid debt	1,610
Mortgages	740
Total real estate assets	4,080
Equity	1,000
Hybrid debt	2,285
Mortgages	795

As of June 30, Aldrich, Eastman & Waltch had $3.98 billion in U.S. institutional tax-exempt real estate assets, of which $1.5 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $915 million as of June 30.

Total real estate assets under management were $4.08 billion.

Of the U.S. tax-exempt assets, 90% was in existing and 10% in developmental properties. The property mix was 2% hotel/resort, 10% multifamily housing, 8% industrial, 48% retail and 32% office/commercial.

The geographic mix was 30% West, 20% Midwest, 39% East and 11% South.

The firm has invested $85 million in RTC properties in the past 12 months.

The firm offers direct separate accounts and closed-end commingled funds.

Secured Capital is a subsidiary of the firm.

Joseph F. Azrack is in charge of making property investments; Susan Hudson-Wilson is client contact.

AMB Institutional Realty Advisors

505 Montgomery St., San Francisco, Calif. 94111; (415) 394-9000

	($ millions)
Tax-exempt real estate assets	879
Equity	818
Hybrid debt	61
Commingled or pooled funds	
Equity	85

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Contact: Jack Allen, Jr.
121 West Forsyth Street
Jacksonville, FL 32202-3813
(904) 630-6358

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Allied Capital Commercial Corporation
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$340,590,000
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ThePrudential
Seller and Servicer
The Certificates sold evidence a portion of the beneficial ownership interest in a pool of mortgage loans on industrial, office and retail commercial properties. The undersigned arranged for the private placement of the Certificates with institutional investors.
LEHMAN BROTHERS

$157,500,000
Multiclass Pass-Through Certificates
LB (Commercial) Mortgage Trust
The Certificates sold evidence interests in a pool of mortgage loans on Wal-Mart stores. The undersigned acquired these loans and sole-managed the public offering of Certificates.
LEHMAN BROTHERS

$497,000,000
Commercial Mortgage Pass-Through Certificates, Series 1992-C1
RTC Resolution Trust Corporation
Seller
The Certificates sold evidence beneficial ownership interests in a pool of mortgage loans on commercial properties. The undersigned acted as lead manager of the offering.
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Direct, separate accounts	
Equity	733
Hybrid debt	61
Total real estate assets	1,586
Equity	1,525
Hybrid debt	61

As of June 30, AMB Institutional Realty Advisors had $879 million in U.S. institutional tax-exempt real estate assets, of which $242 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $302 million as of June 30. Contributions committed but not received were $516 million.

Total real estate assets under management were $1.586 billion.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 42% industrial, 19% retail and 39% office/commercial.

The geographic mix was 82% West, 9% Midwest, 4% East and 5% South.

The firm offers closed-end commingled funds, direct separate accounts and private REITs.

AMB Current Income Fund, a private REIT, opened for subscription this month and has an anticipated closing date of Dec. 31, 1993. It will acquire medium size ($5 million to $40 million), substantially leased industrial and retail properties. Investments will be built-out submarkets of major metropolitan areas.

Hamid R. Moghadam is in charge of making property investments; T. Robert Burke and Jean Collier Hurley are the client contacts.

ASB Capital Management

655 15th St. N.W., Suite 800, Washington, D.C. 20005; (202) 383-6300

	($ millions)
Tax-exempt real estate assets	611
Equity	462
Hybrid debt	149
Commingled or pooled funds	
Equity	82
Hybrid debt	6
Direct, separate accounts	
Equity	380
Hybrid debt	143
Total real estate assets	611

As of June 30, ASB Capital Management Inc. had $611 million in U.S. institutional tax-exempt real estate assets, of which $88 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $373 million as of June 30. Contributions received but not invested were $42 million; contributions committed but not received were $47 million.

Total real estate assets under management were $611 million.

All of the U.S. tax-exempt assets were in developmental properties. The property mix was 2% hotel/resort, 1% land, 9% multifamily housing, 6% industrial and 82% office/commercial.

The geographic mix was 31% West, 22% Midwest, 41% East and 6% South.

The firm offers open-end, separate accounts.

The Real Estate Fund, an open-end fund, has $39 million in contributions received and invested and $43 million in contributions received but not invested. The fund specializes in development and joint ventures.

The parent company is MNC Financial.

Ian W. Jones is client contact.

The Balcor Co.

4849 Golf Road, Skokie, Ill. 60067; (708) 676-6949

	($ millions)
Tax-exempt real estate assets	1,330
Equity	700
Hybrid debt	630
Commingled or pooled funds	
Equity	700
Hybrid debt	605
Direct, separate accounts	
Hybrid debt	25
Total real estate assets	4,045
Equity	2,514
Hybrid debt	630
Mortgages	901

As of June 30, The Balcor Co. had $1.33 billion in U.S. institutional tax-exempt real estate assets, of which none was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $700 million as of June 30.

Total real estate assets under management were $4.045 billion, of which $44 million was invested for non-U.S. clients and $25 million was invested for Japanese clients.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 30% multifamily housing, 3% industrial, 15% retail, 47% office/commercial and 5% mobile home parks.

The geographic mix was 22% West, 24% Midwest, 29% East and 25% South.

Balcor Institutional Realty Advisors is a subsidiary of the company.

John K. Powell Jr. is in charge of making property investments.

The Boston Co. Real Estate Counsel Inc.

1 Boston Place - 0B18B, Boston, Mass. 02108; (617) 722-7190

	($ millions)
Tax-exempt real estate assets	1,086
Equity	406
Hybrid debt	680
Commingled or pooled funds	
Equity	5
Hybrid debt	39
Direct, separate accounts	
Equity	401
Hybrid debt	641
Total real estate assets	1,086

As of June 30, The Boston Co. Real Estate Counsel Inc. had $1.086 billion in U.S. institutional tax-exempt real estate assets, of which $314 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $390 million as of June 30. Contributions committed but not received were $16 million.

Total real estate assets under management were $1.086 billion.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 16% industrial, 21% retail and 55% office/commercial.

The geographic mix was 22% West, 14% Midwest, 49% East and 15% South.

The firm offers separate accounts and closed-end funds.

The parent company is The Boston Co.

Brian Corrigan is in charge of making property investments; Melissa Browne is client contact.

Alex. Brown Kleinwort Benson

2 N. Charles St., Suite 850, Baltimore, Md. 21201; (410) 783-3200

	($ millions)
Tax-exempt real estate assets	3,300
Equity	1,815
Hybrid debt	914

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Mortgages	571
Commingled or pooled funds	
Equity	102
Hybrid debt	7
Direct, separate accounts	
Equity	1,713
Hybrid debt	907
Mortgages	571
Total real estate assets	3,300

As of June 30, Alex. Brown Kleinwort Benson had $3.3 billion in U.S. institutional tax-exempt real estate assets, of which $988 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.802 billion as of June 30. Contributions received but not invested were $13 million.

Of the U.S. tax-exempt assets, $14 million was invested in Canada, the United Kingdom, France, Spain, Australia and Japan as of June 30.

Total real estate assets under management were $3.3 billion.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 8% hotel/resort, 1% land, 7% multifamily housing, 19% industrial, 19% retail and 46% office/commercial.

The geographic mix was 37% West, 16% Midwest, 22% East and 25% South.

The firm offers closed-end funds, separate accounts and a real estate securities program.

The parent companies are Alex. Brown & Sons; Kleinwort Benson.

Lynn C. Thurber is in charge of making property investments; Winston H. Hickox is the client contact.

Cabot Partners L.P.

60 State St., Boston, Mass. 02109; (617) 723-0900

($ millions)	
Tax-exempt real estate assets	676
Equity	676
Direct, separate accounts	
Equity	259
Co-investments	
Equity	417
Total real estate assets	759
Equity	759

As of June 30, Cabot Partners Limited Partnership had $676 million in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $363 million as of June 30. Contributions received but not invested were $18 million; contributions committed but not received were $295 million.

Total real estate assets under management were $759 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 88% industrial and 12% office/commercial.

The geographic mix was 32% West, 19% Midwest, 44% East and 5% South.

The firm offers direct, separate accounts and co-investments.

Robert E. Patterson is in charge of making property investments; John F. Malloy and Peter F. Tague III are client contacts.

The Campbell Group Inc.

1 SW Columbia, Suite 1720, Portland, Ore. 97258; (503) 275-9675

($ millions)	
Tax-exempt real estate assets	710
Equity	710
Commingled or pooled funds	
Equity	32
Direct, separate accounts	
Equity	678
Total real estate assets	710

As of June 30, The Campbell Group Inc. had $710 million in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $710 million as of June 30.

Total real estate assets under management were $710 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 100% timberland. The geographic mix was 100% West.

The firm offers separate accounts, closed-end funds, limited partnerships and direct investments.

The parent company is United Asset Management. Timber Pacific is a subsidiary.

J. Duncan Campbell is in charge of making property investments.

CB Commercial Realty Advisers

533 Fremont Ave., Los Angeles, Calif. 90071; (213) 613-3582

($ millions)	
Tax-exempt real estate assets	780
Equity	745
Hybrid debt	26
Mortgages	9
Commingled or pooled funds	
Equity	313
Hybrid debt	26
Mortgages	9
Direct, separate accounts	
Equity	432
Total real estate assets	780

As of June 30, CB Commercial Realty Advisers had $780 million in U.S. institutional tax-exempt real estate assets, of which $536 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $730 million as of June 30. Contributions committed but not received were $15 million.

Total real estate assets under management were $780 million.

Of the U.S. tax-exempt assets, 87% was in existing and 13% in developmental properties. The property mix was 0.16% land, 31.12% industrial, 20.71%

Top 10 real estate managers*

Equitable Real Estate	10,119
JMB Institutional Realty	8,756
Copley Real Estate	8,750
Heitman Advisory	6,150
Prudential Realty Group	5,377
RREEF	4,395
Yarmouth Group	4,325
GE Investments	4,150
LaSalle Advisors	3,580
TCW Realty Advisors	3,466
TOTAL	**59,068**

*Tax-exempt assets

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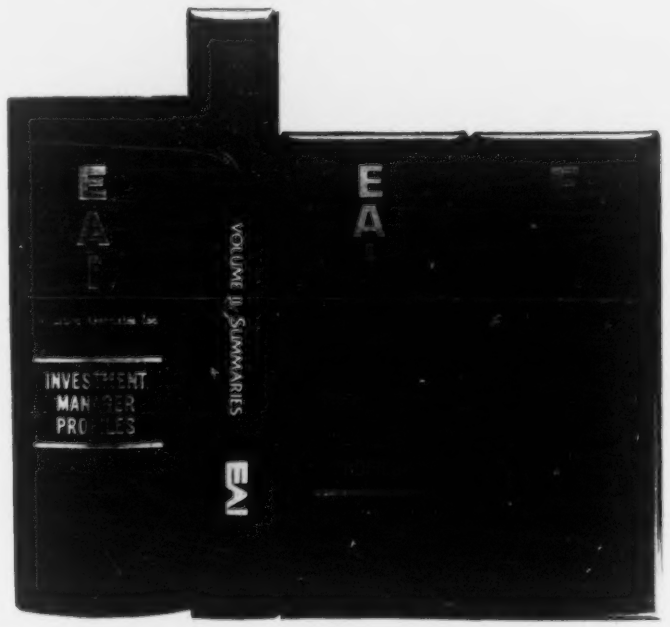

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retail and 48.01% office commercial.

The geographic mix was 50.24% West, 12.19% Midwest, 28.64% East and 8.93% South.

The firm offers closed-end funds and direct, separate accounts.

The parent company is CB Commercial Real Estate Group Inc. CB Commercial Brokerage Services is a subsidiary.

Cab Grayson is in charge of making property investments; Laurie Romanak is the client contact.

CIGNA Investments Inc.

Hartford, Conn. 06152; (203) 726-7316

	($ millions)
Tax-exempt real estate assets	1,820
Equity	1,670
Hybrid debt	146
Mortgages	4
Commingled or pooled funds	
Equity	1,494
Hybrid debt	37
Mortgages	4
Direct, separate accounts	
Equity	176
Hybrid debt	109
Total real estate assets	15,579
Equity	2,644
Hybrid debt	1,335
Mortgages	11,600

As of June 30, CIGNA Investments Inc. had $1.82 billion in U.S. institutional tax-exempt real estate assets, of which $1.246 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.623 billion as of June 30. Contributions committed but not received were $47 million.

Total real estate assets under management were $15.579 billion.

Of the U.S. tax-exempt assets, 99% was in existing and 1% in developmental properties. The property mix was 6% hotel/resort, 1% land, 8% multifamily housing, 22% industrial, 36% retail, 15% office commercial and 12% mixed use.

The geographic mix was 22% West, 22% Midwest, 19% East and 37% South.

The firm offers open-end funds, closed-end funds, direct investments and individual separate accounts.

Separate Account R (SA-R), an open-end fund, has contributions received and invested of $647.8 million. SA-R invests in moderate-size properties, typically in suburban locations. Investments are in existing and to-be-built commercial properties, and are diversified by geographic location and property type. Investment structures include 100% equity, joint ventures and equity-oriented debt. No more than 30% of assets may be leveraged.

The parent company is CIGNA Corp.

David R. Johnson is in charge of making property investments; Thomas P. Mahoney is client contact.

Citicorp Real Estate Investment Management

641 Lexington Ave., Fourth Floor, New York, N.Y. 10043; (212) 559-9683

	($ millions)
Tax-exempt real estate assets	528
Equity	468
Hybrid debt	59
Mortgages	1
Commingled or pooled funds	
Equity	243
Hybrid debt	37
Direct, separate accounts	
Equity	225
Hybrid debt	22
Mortgages	1
Total real estate assets	850
Equity	790
Hybrid debt	59
Mortgages	1

As of June 30, Citicorp Real Estate Investment Management had $528 million in U.S. institutional tax-exempt real estate assets, of which $379 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $291 million as of June 30. Contributions received but not invested were $77 million; contributions committed but not received were $100 million.

Total real estate assets under management were $850 million, of which $306 million was invested for non-U.S. clients; and $129 million was invested for Japanese clients.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 8% industrial, 25% retail and 59% office commercial.

The geographic mix was 25% West, 10% Midwest, 57% East and 8% South.

The firm offers open-end funds, direct investments and separate accounts.

CREEF, an open-end common trust, has $154 million in contributions received and invested and $76 million in contributions received but not invested.

The parent company is Citibank N.A. Citicorp Real Estate Inc. is a subsidiary.

Thomas McDaniel and Steven Brabant are in charge of making property investments; Anthony Niosi is client contact.

Copley Real Estate Advisors

399 Boylston St., Boston, Mass. 02116; (617) 578-1200

	($ millions)
Tax-exempt real estate assets	8,750
Equity	8,750
Commingled or pooled funds	
Equity	5,993
Direct, separate accounts	
Equity	2,757
Total real estate assets	14,067
Equity	14,067

As of June 30, Copley Real Estate Advisors had $8.75 billion in U.S. institutional tax-exempt real estate assets, of which $8.713 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $8.627 billion as of June 30. Contributions committed but not received were $123 million.

Total real estate assets under management were $14.067 billion.

The property mix was 1% hotel/resort, 20% land, 8% multifamily housing, 40% industrial, 6% retail and 25% office commercial. The geographic mix was 65% West, 3% Midwest, 25% East and 7% South.

The Developmental Properties Account, an open-end fund, has $1.161 billion in contributions received and invested.

The Copley Investors Limited Partnership, CILP, a closed-end fund, had $460.7 million in contributions received and invested.

For all funds, investments are structured as partnerships with local developers in select markets nationwide. The current emphasis is on industrial warehouse and R&D facilities, and single- and multifamily residential developments.

The parent is New England Investment Cos.

Kevin M. Mahony is in charge of making property investments; John C. Phillips Jr. is client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y. 10017; (212) 421-8200

	($ millions)
Tax-exempt real estate assets	2,702
Equity	2,500
Mortgages	202
Commingled or pooled funds	
Equity	1,800
Mortgages	145
Co-investments	
Equity	700
Mortgages	57
Total real estate assets	4,616
Equity	4,300
Mortgages	316

As of June 30, Corporate Property Investors had $2.702 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.5 billion as of June 30.

Total real estate assets under management were $4.616 billion, of which $1.8 billion was invested for non-U.S. clients, including $175 million for non-U.S. pension funds.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 90% retail and 10% office commercial.

The geographic mix was 15% West, 6% Midwest, 44% East and 35% South.

The firm offers REITs and direct co-investments in super-regional shopping centers.

Hans C. Mautner is in charge of making property investments; William J. Lyons is client contact.

Trammell Crow Realty Advisors

3500 TCC, 2001 Ross Ave., Dallas, Texas 75201; (214) 979-5100

	($ millions)
Tax-exempt real estate assets	548
Equity	548
Commingled or pooled funds	
Equity	424
Co-investments	
Equity	124
Total real estate assets	2,360
Equity	2,360

As of June 30, Trammell Crow Realty Advisors had $548 million in U.S. institutional tax-exempt real estate assets, of which $424 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $214 million as of June 30. Contributions committed but not received were $334 million.

Total real estate assets under management were $2.36 billion.

Of the U.S. tax-exempt assets, 95% was in existing and 5% in developmental properties. The property mix was 9% hotel/resort, 4% land, 3% multifamily housing, 4% industrial, 4% retail and 76% office commercial.

The geographic mix was 42% West, 6% Midwest, 23% East and 29% South.

The firm offers direct, separate accounts and commingled funds.

The parent company is Trammell Crow Ventures.

Anthony E. Meyer is in charge of making property investments; James S. Wasse' and Philip W. Norwood are client contacts.

Dreyfus Realty Advisors

1180 Avenue of the Americas, 18th Floor, New York, N.Y. 10036; (212) 764-3210

	($ millions)
Tax-exempt real estate assets	513
Equity	485
Hybrid debt	28
Direct, separate accounts	
Equity	188
Hybrid debt	28
Co-investments	
Equity	297
Total real estate assets	513

As of June 30, Dreyfus Realty Advisors Inc. had $513 million in U.S. institutional tax-exempt real estate assets, of which $503 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $442 million as of June 30. Contributions committed but not received were $43 million.

Total real estate assets under management were $513 million.

The property mix was 21% land, 10% multifamily housing, 49% retail and 20% office commercial.

The geographic mix was 37% West, 7% Midwest, 7% East and 49% South.

The firm offers separate accounts, co-investments and workout-related real estate management.

The parent company is The Dreyfus Corp.

Francis X. Tansey and David Luski are in charge of making property investments; Paul McEvoy is client contact.

Equitable Real Estate Investment Management

3414 Peachtree Road N.E., Atlanta, Ga. 30326; (404) 239-5009

	($ millions)
Tax-exempt real estate assets	10,981
Equity	10,119
Hybrid debt	31
Mortgages	831
Commingled or pooled funds	
Equity	5,906
Hybrid debt	31
Mortgages	324
Direct, separate accounts	
Equity	4,213
Mortgages	507
Total real estate assets	34,153
Equity	18,420
Hybrid debt	1,253
Mortgages	14,480

As of June 30, Equitable Real Estate Investment

Top 10 hybrid debt managers*

Aldrich, Eastman & Waltch	2,325
J.P. Morgan	962
A. Brown Kleinwort Benson	914
LaSalle Advisors	720
Heitman Advisory	700
Boston Co.	680
Balcor	630
Aetna	507
INVESCO Realty Advisors	460
Latimer & Buck	455
TOTAL	**8,353**

*Tax-exempt assets KIMBERLY MART

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1717 K Street, N.W., Suite 707
Washington, D.C. 20006
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Management Inc. had $10.981 billion in U.S. institutional tax-exempt real estate assets, of which all was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $9.876 billion as of June 30. Contributions received but not invested were $27 million; contributions committed but not received were $216 million.

Total real estate assets under management were $34.153 billion, of which $2.176 billion was invested for non-U.S. clients and $2.041 billion was invested for Japanese clients.

Of the U.S. tax-exempt assets, 100% was in existing properties. The property mix was 4% hotel/resort, 11% industrial, 54% retail, 30% office/commercial and 1% land and multifamily housing.

The geographic mix was 23% West, 25% Midwest, 32% East and 20% South.

The firm offers open- and closed-end funds, coinvestment vehicles and direct, separate accounts.

The Prime Property Fund, an open-end equity separate account, has contributions received and invested of $3.289 billion and contributions received, but not invested of $27 million. The fund concentrates on investments in high-quality, income producing real property purchased for the long term.

PREFER — the Real Estate Option is an open-end equity separate account with contributions received and invested of $17 million. PREFER purchases shares of Prime Property Fund while maintaining the liquidity necessary for employee choice plans.

Equitable Real Estate's Value Enhancement Fund, a closed-end equity separate account, has contributions committed but not received of $32 million. The anticipated closing date is Dec. 31. The fund will invest in institutional-grade properties at depressed values. Existing properties with substantial potential for redevelopment, expansion, rehabilitation or renovation will be targeted, as will underused properties.

Agricultural Properties Fund, a closed-end separate account, has contributions received and invested of $16 million and contributions committed, but not received of $4 million. The anticipated closing date is Dec. 31. The fund invests in top-quality farmland diversified by crop type and geography.

The parent company is Equitable Financial Cos. Subsidiaries are Equitable Agri-Business, Compass Management & Leasing, Compass Retail and EQ Services Inc.

Tommy Clinton and Douglas Healy are in charge of making property investments; Paul J. Dolinoy is the client contact.

Top 10 mortgage managers*

McMorgan	1,624
Equitable Real Estate	831
Aldrich, Eastman & Waltch	740
Latimer & Buck	728
A. Brown Kleinwort Benson	571
Prudential Realty Group	486
Union Labor Life	462
GE Investments	400
L.J. Melody	311
Phoenix Home Life	254
Total	6,407

*Tax-exempt assets

JOHN HALL

GE Investments

3003 Summer St., Stamford, Conn. 06905; (203) 326-2353

	($ millions)
Tax-exempt real estate assets	4,700
Equity	4,150
Hybrid debt	150
Mortgages	400
Commingled or pooled funds	
Equity	1,010
Direct, separate accounts	
Equity	3,140
Hybrid debt	150
Mortgages	400
Total real estate assets	4,700

As of June 30, GE Investments had $4.7 billion in U.S. institutional tax-exempt real estate assets, of which all was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $3.9 billion as of June 30. Contributions committed but not received were $250 million.

Of the U.S. tax-exempt assets, $130 million was invested in the United Kingdom and Spain as of June 30.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 21% hotel/resort, 3% land, 5% multifamily housing, 2% industrial, 13% retail and 56% office/commercial.

The geographic mix was 25% West, 26% Midwest, 31% East, 15% South and 3% international.

The firm invested $7.5 million in properties from the RTC.

The firm offers closed-end funds and separate account management.

The parent company is General Electric Co.

John H. Myers is in charge of making property investments; Geoffrey R. Norman is the client contact.

Hancock Timber Resource Group

P.O. Box 111, John Hancock Place, T-44, Boston, Mass. 02117; (617) 572-1155

	($ millions)
Tax-exempt real estate assets	1,305
Equity	1,305
Commingled or pooled funds	
Equity	17
Direct, separate accounts	
Equity	1,230
Co-investments	
Equity	58
Total real estate assets	1,315
Equity	1,315

As of June 30, Hancock Timber Resource Group had $1.305 billion in U.S. institutional tax-exempt real estate assets, all of which was discretionary.

The tax-exempt equity assets had a market value of $1.156 billion as of June 30. Contributions received but not invested were $115 million; contributions committed but not received were $34 million.

Total real estate assets under management were $1.315 billion.

All U.S. tax-exempt assets were in timberland.

The geographic mix was 58% West, 0.4% East and 41.6% South.

The firm offers closed-end commingled and non-commingled accounts.

The ForesTree III, a closed-end account, has a anticipated closing date of Dec. 31.

The parent company is John Hancock Financial Services. John Hancock Properties Inc. is a subsidiary.

William R. Gordon is in charge of making property investments; Richard N. Smith is the client contact.

Heitman Advisory Corp.

180 N. LaSalle, Suite 3600, Chicago, Ill. 60601; (312) 855-5700

	($ millions)
Tax-exempt real estate assets	6,912
Equity	6,150
Hybrid debt	700
Mortgages	62
Commingled or pooled funds	
Equity	1,135
Hybrid debt	92
Direct, separate accounts	
Equity	5,015
Hybrid debt	608
Mortgages	62
Total real estate assets	7,443
Equity	6,681
Hybrid debt	700
Mortgages	62

As of June 30, Heitman Advisory Corp. had $6.912 billion in U.S. institutional tax-exempt real estate assets, of which $3.384 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $5.765 billion as of June 30. Contributions received but not invested were $85 million; contributions committed but not received were $300 million.

Of the U.S. tax-exempt assets, $54 million was invested in England as of June 30.

Total real estate assets under management were $7.443 billion, of which $231 million was invested for non-U.S. clients; $54 million was in non-U.S. properties; and $231 million for non-U.S. pension funds.

Virtually all U.S. tax-exempt assets were in existing properties. The property mix was 2% hotel/resort, 1% land, 3% multifamily housing, 6% industrial, 44% retail, 31% office/commercial, and 13% mixed use.

The geographic mix was 30% West, 44% Midwest, 18% East and 8% South.

The firm offers close-end group trusts and separate accounts.

The Heitman Real Estate Fund V is a closed-end group trust with $42 million received and invested and $85 million received but not invested. The fund expects to close Sept. 30. It invests in large, institutional-grade, existing, well-leased commercial properties, diversified by geographic area and property type. Its primary objective is to protect the capital investment, increase income streams and enhance the properties' values through direct, hands-on property management and leasing.

The parent company is Heitman Financial Ltd. Subsidiaries are Heitman Financial Services Ltd. and Heitman Properties Ltd.

Stuart M. Isen is in charge of making property investments; Andrew C. Deckas is client contact.

INVESCO Realty Advisors

5400 LBJ Freeway, Suite 1200, Dallas, Texas 75240; (214) 715-7400

	($ millions)
Tax-exempt real estate assets	1,161
Equity	476
Hybrid debt	460
Mortgages	225
Commingled or pooled funds	
Equity	5
Hybrid debt	32
Mortgages	9
Direct, separate accounts	
Equity	471
Hybrid debt	428
Mortgages	216
Total real estate assets	1,161

As of June 30, INVESCO Realty Advisors had $1.161 billion in U.S. institutional tax-exempt real estate assets, of which $375 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $219 million as of June 30. Contributions committed but not received were $257 million.

Total real estate assets under management were $1.161 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 26% multifamily housing, 27% industrial, 26% retail and 21% office/commercial.

The geographic mix was 23% West, 14% Midwest, 7% East and 56% South.

The firm offers direct, separate accounts.

The parent company is INVESCO MIM PLC.

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Equity and fixed income performance based on Employee Benefit Bond Funds. Source SEI

R. Scott Dennis is in charge of making property investments; Whitney O. Ward is the client contact.

JMB Institutional Realty

900 N. Michigan Ave., Suite 1800, Chicago, Ill. 60611; (312) 915-1900

	($ millions)
Tax-exempt real estate assets	8,910
Equity	8,756
Hybrid debt	154
Commingled or pooled funds	
Equity	7,864
Hybrid debt	109
Direct, separate accounts	
Equity	892
Hybrid debt	45
Total real estate assets	9,168
Equity	9,023
Hybrid debt	145

As of June 30, JMB Institutional Realty Corp. had $8.91 billion in U.S. institutional tax-exempt real estate assets, of which $8.307 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $7.978 billion as of June 30. Contributions received but not invested were $167 million; contributions committed but not received were $611 million.

Of the U.S. tax-exempt assets, $3.865 billion was invested in Canada as of June 30.

Total real estate assets under management were $9.168 billion, of which $242 million was invested for non-U.S. clients; $4.531 billion was in non-U.S. properties; and $242 million was for non-U.S. pension funds.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 6% multifamily housing, 2% industrial, 54% retail, 21% office/commercial, and 17% mixed use, including some hotel space.

The geographic mix was 24% West, 18% Midwest, 36% East and 22% South.

The firm invested $13 million in RTC properties.

The firm offers closed-end commingled funds, separate accounts and direct investments.

Bruce W. Duncan is in charge of making property investments; William L. Ramseyer is client contact.

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Jones Lang Wootton Realty Advisors

101 E. 52nd St., New York, N.Y. 10022; (212) 688-8181

	($ millions)
Tax-exempt real estate assets	2,255
Equity	1,912
Hybrid debt	343
Commingled or pooled funds	
Equity	49
Direct, separate accounts	
Equity	1,863
Hybrid debt	343
Total real estate assets	2,255

As of June 30, Jones Lang Wootton Realty Advisors had $2.255 billion in U.S. institutional tax-exempt real estate assets, of which $743 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.412 billion as of June 30. Contributions committed but not received were $500 million.

Total real estate assets under management were $2.255 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 19% hotel/resort, 1% land, 3% multifamily housing, 6% industrial, 32% retail and 39% office/commercial.

The geographic mix was 23% West, 8% Midwest, 46% East and 23% South.

The firm offers separate accounts and commingled funds.

JLWRA Management Inc. is a subsidiary.

Steven Furnary, Charles Grossman, Frank Sullivan and John Weisz are in charge of making property investments; Mr. Weisz is the client contact.

Karsten Realty Advisors

12121 Wilshire Blvd., Suite 900, Los Angeles, Calif. 90025; (310) 826-0035

	($ millions)
Tax-exempt real estate assets	560
Equity	529
Hybrid debt	20
Mortgages	11
Commingled or pooled funds	
Equity	98
Hybrid debt	7
Mortgages	5
Direct, separate accounts	
Equity	431
Hybrid debt	13
Mortgages	6
Total real estate assets	720
Equity	689
Hybrid debt	20
Mortgages	11

As of June 30, Karsten Realty Advisors had $560 million in U.S. institutional tax-exempt real estate assets, all of which was fully discretionary.

The tax-exempt equity assets had a market value of $529 million as of June 30.

Total real estate assets under management were $720 million.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 1% hotel/resort, 8% land, 42% industrial, 12% retail, 28% office/commercial and 9% other.

The geographic mix was 37% West, 14% Midwest, 10% East and 39% South.

The firm offers separate accounts and commingled funds.

Robert A. Feren and E. Owen Frost are in charge of making property investments. Mr. Feren and A. Redmond Doms Jr. and client contacts.

Kennedy Associates Real Estate Counsel Inc.

2400 Financial Center Building, Seattle, Wash. 98161; (206) 623-4739

	($ millions)
Tax-exempt real estate assets	1,035
Equity	788
Hybrid debt	197
Mortgages	50
Commingled or pooled funds	
Equity	420
Hybrid debt	101
Mortgages	29
Direct, separate accounts	
Equity	157
Hybrid debt	96
Mortgages	21
Co-investments	
Equity	75
Hybrid debt	88
Mortgages	48
Total real estate assets	1,035

As of June 30, Kennedy Real Estate Counsel Inc. had $1.035 billion in U.S. institutional tax-exempt real estate assets.

The tax-exempt equity assets had a market value of $613 million as of June 30. Contributions received but not invested were $175 million.

Total real estate assets under management were $1.035 billion.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 1% hotel/resort, 51% industrial, 7% retail and 41% office/commercial.

The geographic mix was 44% West, 30% Midwest, 21% East and 5% South.

The firm offers open-end funds, separate accounts and co-investments.

The Multi-Employer Property Trust (MEPT) is an open-end, bank trusteed equity real estate fund, with $456 million in contributions received and invested and $125 million received but not invested.

Jim C. Snyder is in charge of making property investments; Ronald D. Roberts is client contact.

Kensington Realty Advisors

541 N. Fairbanks Court, Suite 2020, Chicago, Ill. 60611; (312) 649-5950

	($ millions)
Tax-exempt real estate assets	788
Equity	372
Hybrid debt	403
Mortgages	13
Direct, separate accounts	
Equity	372
Hybrid debt	403
Mortgages	13
Total real estate assets	788

As of June 30, Kensington Realty Advisors Inc. had $788 million in U.S. institutional tax-exempt real estate assets, of which $694 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $347 million as of June 30. Contributions committed but not received were $25 million.

Tax-exempt assets in non-U.S. property

JMB Institutional	3,865
Standard Life	277
Yarmouth Group	140
GE Investments	130
Resource Investments	109
Heitman Advisory	54
NationsBank	31
A. Brown Kleinwort Benson	14
Capital Consultants	1
TOTAL	**4,621**

KIMBERLY MART

Total real estate assets under management were $788 million.

Of the U.S. tax-exempt assets, 95% was in existing and 5% in developmental properties. The property mix was 4% land, 13% multifamily housing, 17% industrial, 52% retail, 11% office/commercial and 3% parking garages.

The geographic mix was 2% West, 95% Midwest and 3% East.

The firm offers direct, separate accounts and co-investments.

James S. Smith and James S. Lee are in charge of making property investments; Ronald A. Gold is the client contact.

L&B Real Estate Counsel

2501 Cedar Springs Road, Suite 550, Dallas, Texas 75201; (214) 855-5630

	($ millions)
Tax-exempt real estate assets	1,777
Equity	1,622
Hybrid debt	155
Commingled or pooled funds	
Equity	743
Hybrid debt	129
Direct, separate accounts	
Equity	880
Hybrid debt	25
Total real estate assets	1,779
Equity	1,624
Hybrid debt	155

As of June 30, L&B Real Estate Counsel, formerly Lehndorff & Babson Real Estate Counsel, had $1.777 billion in U.S. institutional tax-exempt real estate assets, of which $872 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.598 billion as of June 30. Contributions received but not invested were $20 million; contributions committed but not received were $4 million.

Total real estate assets under management were $1.779 billion, of which $100 million was invested for non-U.S. pension funds.

All U.S. tax-exempt assets were in existing properties. The property mix was 2% land, 2% industrial, 49% retail and 47% office/commercial.

The geographic mix was 19% West, 7% Midwest, 62% East and 12% South.

The firm offers separate accounts and open- and closed-end funds.

The L&B Property Fund V, a closed-end fund with $4 million in commitments not yet received, has an anticipated closing date of June 30, 1993.

The Council of Real Estate Group (CORE) is an open-end fund with $462 million in contributions invested.

The L&B CORE II Fund is an open-end fund that does not have any investors as yet.

The investment strategy for all commingled funds is to invest in substantially leased, well-located income-producing properties in major metropolitan markets. The focus is on properties with a predictable income stream for the foreseeable future.

The parent company is United Asset Management Corp.

M. Thomas Lardner is in charge of making property investments; G. Andrews Smith is the client contact.

LaSalle Advisors Ltd.

11 S. LaSalle St., Chicago, Ill. 60603; (312) 782-5800

	($ millions)
Tax-exempt real estate assets	4,300
Equity	3,580
Hybrid debt	720
Commingled or pooled funds	
Equity	1,295
Hybrid debt	85
Direct, separate accounts	
Equity	1,250
Hybrid debt	235
Co-investments	
Equity	535
Hybrid debt	400
Total real estate assets	4,300

As of June 30, LaSalle Advisors Ltd. had $4.3 billion in U.S. institutional tax-exempt real estate assets, of which $2.5 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.91 billion as of June 30. Contributions committed but not received were $670 million.

Total real estate assets under management were $4.3 billion.

Of the U.S. tax-exempt assets, 95% was in existing and 5% in developmental properties. The property mix was 8% industrial, 12% retail, 78% office/commercial and 2% parking garages.

The geographic mix was 26% West, 21% Midwest, 31% East and 22% South.

The firm offers closed-end funds and separate account management.

The LaSalle Investors is a closed-end fund scheduled to close in December. It is a limited partnership that invests in substantially leased, quality office, industrial and retail properties at prices that provide overall returns with high cash yields and attractive pricing relative to reproduction costs. The focus will be on quality, urban properties with underlying long-term value whose availability and pricing is a result of the capital scarcity.

The parent company is LaSalle Partners Ltd. LaSalle Partners Asset Management Ltd. is a subsidiary.

Kenneth M. Campia is in charge of making property investments; J. Marshall Peck is client contact.

Latimer & Buck Inc.

121 S. Broad St., Philadelphia, Pa. 19107; (215) 985-3900

	($ millions)
Tax-exempt real estate assets	1,439
Equity	256
Hybrid debt	455
Mortgages	728
Direct, separate accounts	
Equity	256
Hybrid debt	455
Mortgages	728
Total real estate assets	1,439

As of June 30, Latimer & Buck Inc. had $1.439 billion in U.S. institutional tax-exempt real estate assets, of which $826 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $256 million as of June 30.

Total real estate assets under management were $1.439 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 4% hotel/resort, 6% multifamily housing, 16% industrial, 12% retail and 62% office/commercial.

The geographic mix was 2% West, 21% Midwest, 69% East and 8% South.

The firm offers separate accounts and closed-end commercial mortgage group trusts.

The Commercial Mortgage Group Trust, a closed-end fund, is scheduled to close in the fourth quarter of 1992. The fund will make loans between $1 million and $10 million — as well as purchase existing mortgages — in apartment, retail, industrial and office properties nationwide.

The parent company is Legg Mason Inc. Dorman & Wilson Inc. is a subsidiary.

Richard Humphreys is in charge of making property investments; Andrew Sheffler is client contact.

McMorgan & Co.

1 Bush St., Suite 800, San Francisco, Calif. 94104; (415) 788-9300

	($ millions)
Tax-exempt real estate assets	2,017
Equity	393
Mortgages	1,624
Direct, separate accounts	
Equity	393
Mortgages	1,624
Total real estate assets	2,017

As of June 30, McMorgan & Co. had $2.017 billion in U.S. institutional tax-exempt real estate assets.

The tax-exempt equity assets had a market value of $356 million as of June 30. Contributions received but not invested were $37 million.

Total real estate assets under management were $2.017 billion.

Of the U.S. tax-exempt assets, 1% was in existing and 99% in developmental properties. The property mix was 1% hotel/resort, 2% land, 2% multifamily housing, 6% industrial, 8% retail, 19% office/commercial and 62% single-family housing.

All assets were invested in the West.

The firm offers separate accounts for jointly trusteed plans.

Dan O'Donnell is in charge of making property investments; Bill Sumner is the client contact.

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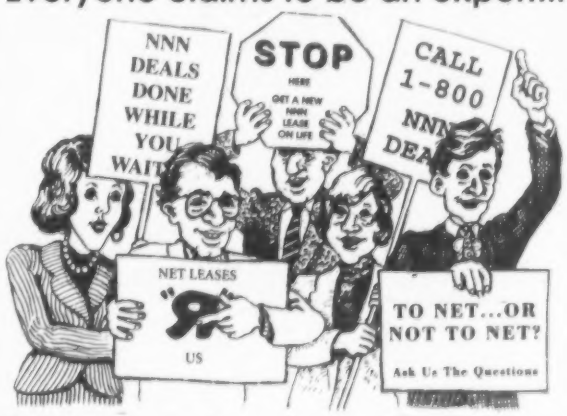

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Emerging markets: Oct. 26

Mellon/McMahan Real Estate Advisors Inc.

444 Market St., Suite 2100, San Francisco, Calif. 94111; (415) 433-7770

	($ millions)
Tax-exempt real estate assets	881
Equity	664
Hybrid debt	100
Mortgages	117
Direct, separate accounts	
Equity	664
Hybrid debt	100
Mortgages	117
Total real estate assets	1,049
Equity	782
Hybrid debt	136
Mortgages	131

As of March 31, Mellon McMahan Real Estate Advisors Inc. had $881 million in U.S. institutional tax-exempt real estate assets, of which $426 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $556 million as of March 31. Contributions committed but not received were $108 million.

Total real estate assets under management were $1,049 billion, of which $25 million was invested for non-U.S. clients.

All U.S. tax-exempt assets were in existing properties. The property mix was 3.5% multifamily housing, 29.5% industrial, 33.9% retail and 32.6% office commercial and 0.5% other.

The geographic mix was 59% West, 21% Midwest, 10% East and 10% South.

The firm offers separate accounts.

The parent company is Mellon Bank.

James Ida is in charge of making property investments; Mary M. Briggs is client contact.

L.J. Melody & Co.

5847 San Felipe, Suite 4400, Houston, Texas 77057; (713) 787-1900

	($ millions)
Tax-exempt real estate assets	791
Equity	253
Hybrid debt	227
Mortgages	311
Direct, separate accounts	
Equity	253
Hybrid debt	227
Mortgages	311
Total real estate assets	1,934
Equity	253
Hybrid debt	276
Mortgages	1,405

As of June 30, L.J. Melody & Co. had $791 million in U.S. institutional tax-exempt real estate assets, none of which was fully discretionary.

The tax-exempt equity assets had a market value of $253 million as of June 30.

Total real estate assets under management were $1,934 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 4% industrial, 44% retail and 44% office commercial.

The geographic mix was 17% West, 8% Midwest, 4% East and 71% South.

The firm offers direct, separate accounts.

L.J. Melody & Co. of California is an affiliate.

Lawrence J. Melody is in charge of making property investments; Michael J. Melody is the client contact.

Metric Institutional Realty Advisors

950 Tower Lane, Foster City, Calif. 94044; (415) 378-7000

	($ millions)
Tax-exempt real estate assets	803
Equity	778
Hybrid debt	11
Mortgages	14
Commingled or pooled funds	
Equity	267
Hybrid debt	11
Mortgages	14
Direct, separate accounts	
Equity	398
Co-investments	
Equity	113
Total real estate assets	2,345
Equity	2,320
Hybrid debt	11
Mortgages	14

As of June 30, Metric Institutional Realty Advisors had $803 million in U.S. institutional tax-exempt real estate assets, all of which was fully discretionary.

The tax-exempt equity assets had a market value of $475 million as of June 30. Contributions committed but not received were $303 million.

Total real estate assets under management were $2,345 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 71% multifamily housing, 9% industrial, 12% retail and 8% office commercial.

The geographic mix was 42% West, 5% Midwest, 26% East and 27% South.

The firm offers closed-end funds, co-investments and advisory accounts.

Metric Institutional Apartment Fund III, a closed-end fund, has an anticipated opening of early 1993.

The parent companies are Metric Realty and Metropolitan Life Insurance Co. Metric Realty Services is a subsidiary.

W. Patrick McDowell is in charge of making property investments; Robert A. Fiddaman is client contact.

Metropolitan Life Insurance

1 Madison Ave., New York, N.Y. 10010; (212) 578-4970

	($ millions)
Tax-exempt real estate assets	952
Equity	952
Commingled or pooled funds	
Equity	621
Direct, separate accounts	
Equity	331
Total real estate assets	28,800
Equity	12,000
Mortgages	16,800

As of June 30, Metropolitan Life Insurance Co. had $952 million in U.S. institutional tax-exempt real estate assets, of which $909 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $850 million as of June 30. Contributions received but not invested were $102 million.

Total real estate assets under management were $28.8 billion, of which $524 million was invested for Japanese clients.

All U.S. tax-exempt assets were in existing properties. The property mix was 2% land, 27% multifamily housing, 17% industrial, 16% retail, 19% office commercial and 19% R&D.

The geographic mix was 36% West, 18% Midwest, 23% East and 23% South.

The firm offers open-end funds, individual accounts.

The Tower Fund, an open-end fund, has $325 million in contributions received and invested and $62 million in contributions received but not invested. The fund makes equity investments in wholly owned, operating and substantially leased properties, diversified by type and location. The portfolio is limited to 75 properties.

The Defined Contribution Real Estate Account (DCRE), an open-end fund, has $94 million in contributions received and invested, and $12 million in contributions received, but not invested. The fund is available only to defined contribution plan investors and guarantees liquidity of plan participant balances. The fund acquires primarily well-leased, unleveraged apartment, warehouse/light industrial, retail and office properties nationwide.

Subsidiaries are Metric Institutional Realty Advisors, Metmor Financial, Century 21 Real Estate Corp., Metropolitan Structures, Farmers National Co., MetWest Agribusiness and Transmountain Land & Livestock Co.

James B. Digney is in charge of making property investments; John B. Kverniand is client contact.

MIG Realty Advisors Inc.

1 Clearlake Centre, 250 Australian Ave. S., Suite 400, West Palm Beach, Fla. 33401; (407) 820-1300

	($ millions)
Tax-exempt real estate assets	1,367
Equity	1,185
Hybrid debt	51
Mortgages	131
Commingled or pooled funds	
Equity	523
Direct, separate accounts	
Equity	662
Hybrid debt	51
Mortgages	131
Total real estate assets	1,367

As of June 30, MIG Realty Advisors Inc. had $1,367 billion in U.S. institutional tax-exempt real estate assets, of which $523 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1,138 billion as of June 30. Contributions committed but not received were $47 million.

Total real estate assets under management were $1,367 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 2% hotel/resort, 53% multifamily housing, 16% industrial, 10% retail, 18% office commercial and 1% self-storage facilities.

The geographic mix was 50% West, 8% Midwest, 11% East and 31% South.

The firm offers closed-end group trusts and nondiscretionary and discretionary separate accounts.

MIG Residential Trust II, a closed-end fund, has $47 million committed but not received. It has an anticipated closing of Sept. 30. Its objective is to acquire, develop, operate and dispose of a geographically diverse portfolio of apartment buildings in 20 markets and their defined submarkets. No more than 25% of assets will be put into developmental properties; all acquisitions will be cash.

The Northstar Group Inc. and MIG Capital Management Inc. are subsidiaries.

Robert J. Gauthier is in charge of making property investments; James A. Cote is client contact.

J.P. Morgan Investment Management Inc.

522 Fifth Ave., New York, N.Y. 10036; (212) 837-1234

	($ millions)
Tax-exempt real estate assets	1,668
Equity	706
Hybrid debt	962
Commingled or pooled funds	
Equity	689

Managers with non-U.S. clients

Standard Life	4,903
Eastdil Realty	3,491
Yarmouth Group	2,850
Equitable Real Estate	2,176
Corporate Property	1,800
Metropolitan Life	524
RREEF	427
Schroder Real Estate	400
Dusco	318
Citicorp Real Estate	306
JMB Institutional	242
Heitman Advisory	231
Aetna	142
Hancock Realty	115
Thomas	100
J.P. Morgan	92
FFCA Institutional	55
Balcor	44
Avanti Investment	28
Mellon/McMahan*	25
Loeb Partners	25
Coventry Realty	23
U.S. Realty Advisors	16
Resource Investments	10
American Agricultural	6
TOTAL	**18,349**

* As of March 31

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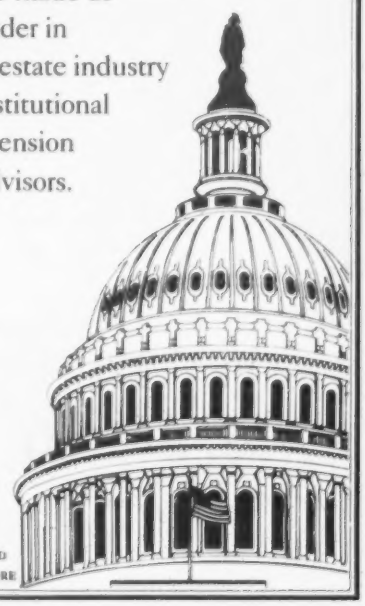

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Hybrid debt	887
Direct, separate accounts	
Equity	13
Co-investments	
Equity	4
Hybrid debt	75
Total real estate assets	1,760
Equity	706
Hybrid debt	1,054

As of June 30, J.P. Morgan Investment Management Inc. had $1.668 billion in U.S. institutional tax-exempt real estate assets, of which $1.6 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $534 million as of June 30. Contributions received but not invested were $172 million.

Total real estate assets under management were $1.76 billion, of which $92 million was invested for non-U.S. clients, including $72 million invested for Japanese clients.

Of the U.S. tax-exempt assets, 97% was in existing and 3% in developmental properties. The property mix was 2% hotel/resort, 4% land, 2% multifamily housing, 19% industrial, 38% retail and 35% office/commercial.

The geographic mix was 4% West, 16% Midwest, 60% East and 20% South.

The firm offers open-end commingled funds, direct separate accounts and co-investments.

The Real Estate Fund, and open-end fund, has $1.089 billion in contributions received and invested and $487 million in contributions received but not invested. The firm uses a "value-added" philosophy, selecting properties it believes have an above-average potential for income growth and capital appreciation. It invests primarily in urban and suburban offices, regional shopping centers and industrial R&D buildings.

The parent company is J.P. Morgan & Co. Inc.

Timothy J. Heise is in charge of making property investments; Erling Asheim is client contact.

NationsBank

1 NationsBank Plaza, T09-1, Charlotte, N.C. 28255; (704) 386-2891

	($ millions)
Tax-exempt real estate assets	611
Equity	558
Hybrid debt	51
Mortgages	2
Commingled or pooled funds	
Equity	407
Hybrid debt	47
Direct, separate accounts	
Equity	151
Hybrid debt	4
Mortgages	2
Total real estate assets	611

As of June 30, NationsBank had $611 million in U.S. institutional tax-exempt real estate assets, of which $564 million was fully discretionary.

The tax-exempt equity assets had a market value of $558 million as of June 30.

Total real estate assets under management were $611 million.

Of the U.S. tax-exempt assets, 59% was in existing and 41% in developmental properties. The property mix was 41% land, 9% multifamily housing, 29% industrial and 21% office/commercial.

The geographic mix was 1% West, 61% East and 38% South.

The firm offers separate accounts.

The parent company is NationsBank Corp.

Floyd T. Boyce is in charge of making property investments; Jim Wahl and Donald A. Steinbrugge are client contacts.

The O'Connor Group

200 Park Ave., New York, N.Y. 10166; (212) 687-7420

	($ millions)
Tax-exempt real estate assets	2,491
Equity	2,291
Hybrid debt	200
Commingled or pooled funds	
Equity	989
Direct, separate accounts	
Equity	1,302
Hybrid debt	200
Total real estate assets	2,632
Equity	2,432
Hybrid debt	200

As of June 30, The O'Connor Group had $2.491 billion in U.S. institutional tax-exempt real estate assets, of which $989 million was fully discretionary.

The tax-exempt equity assets had a market value of $2.227 billion as of June 30. Contributions committed but not received were $64 million.

Total real estate assets under management were $2.632 billion.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 9% industrial, 81% retail and 10% office/commercial.

The geographic mix was 23% West, 22% Midwest, 21% East and 34% South.

The firm offers closed-end funds, separate accounts and co-investments.

The Community Center Fund and The Retail Property Trust, both closed-end funds, are open for subscription.

Ben G. Gifford is in charge of making property investments; Nancy Lashine is client contact.

Phoenix Home Life Mutual Insurance Co.

1 American Row, Hartford, Conn. 06111; (203) 275-5000

	($ millions)
Tax-exempt real estate assets	660
Equity	252
Hybrid debt	154
Mortgages	254
Commingled or pooled funds	
Equity	193
Hybrid debt	150
Mortgages	254
Direct, separate accounts	
Equity	59
Hybrid debt	4
Total real estate assets	2,182
Equity	532
Hybrid debt	605
Mortgages	1,045

As of June 30, Phoenix Home Life Mutual Insurance Co. had $660 million in U.S. institutional tax-exempt real estate assets, of which $412 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $252 million as of June 30.

Total real estate assets under management as of March 31 were $2.182 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 1% hotel/resort, 36% multifamily housing, 19% industrial, 20% retail, 23% office/commercial and 1% hospital/medical.

The geographic mix was 32% West, 39% Midwest, 17% East and 12% South.

The firm offers open- and closed-end funds and individual separate accounts.

The Real Estate Separate Account (RESA), an open-end fund, has $379 million in contributions received and invested. It makes participating investments with 100% fee ownership and joint ventures.

Phoenix Realty Management Inc. and Phoenix Founders Inc. are subsidiaries.

Scott C. Noble is in charge of making property investments; James S. Carter is client contact.

PMRealty Advisors Inc.

800 Newport Center Drive, Suite 300, Newport Beach, Calif. 92660; (714) 721-5000

	($ millions)
Tax-exempt real estate assets	718
Equity	649
Mortgages	69
Commingled or pooled funds	
Equity	310
Direct, separate accounts	
Equity	339
Mortgages	69
Total real estate assets	758
Equity	689
Mortgages	69

As of June 30, PMRealty Advisors Inc. had $718 million in U.S. institutional tax-exempt real estate assets, of which $635 million was fully discretionary.

The tax-exempt equity assets had a market value of $563 million as of June 30. Contributions committed but not received were $86 million.

Total real estate assets under management were $758 million.

The property mix was 0.3% land, 26% industrial, 17% retail, 33% office/commercial and 23.7% mobile home parks and golf courses.

The geographic mix was 60% West, 15% Midwest, 4% East and 21% South.

The firm offers closed-end group trusts, direct accounts and separate accounts.

The parent company is Pacific Financial Asset Management Co.

James G. McWalters is in charge of making property investments and is client contact.

Property Capital Associates

1 Post Office Square, Boston, Mass. 02109; (617) 451-2400

	($ millions)
Tax-exempt real estate assets	554
Equity	413
Hybrid debt	115
Mortgages	26
Commingled or pooled funds	
Equity	235
Direct, separate accounts	
Equity	121
Hybrid debt	13
Co-investments	
Equity	57
Hybrid debt	102
Mortgages	26
Total real estate assets	808
Equity	508
Hybrid debt	274
Mortgages	26

As of June 30, Property Capital Associates had $554 million in U.S. institutional tax-exempt real estate assets, all of which was fully discretionary.

The tax-exempt equity assets had a market value of $413 million as of June 30.

Total real estate assets under management were $808 million.

All U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 40% industrial, 15% retail and 37% office/commercial.

The geographic mix was 50% West, 6% Midwest, 34% East and 10% South.

The firm offers open- and closed-end funds, co-investments and separate accounts.

Anthony D. Fox is in charge of making property investments; Gary R. Schwandt is client contact.

Prudential Realty Group

3 Prudential Plaza, 751 Broad St., Newark, N.J. 07102; (201) 802-3401

	($ millions)
Tax-exempt real estate assets	5,863
Equity	5,377
Mortgages	486
Commingled or pooled funds	
Equity	4,321
Mortgages	148
Direct, separate accounts	
Equity	723
Mortgages	138
Co-investments	
Equity	333
Mortgages	200
Total real estate assets	41,586
Equity	15,210
Hybrid debt	208
Mortgages	26,168

As of June 30, Prudential Realty Group had $5.863 billion in U.S. institutional tax-exempt real estate assets, of which $5.483 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $4.805 million as of June 30. Contributions received but not invested were $70 million; contributions committed but not received were $502 million.

Total real estate assets under management were $41.586 billion.

Virtually all U.S. tax-exempt assets were in existing properties. The property mix was 9% hotel/resort, 15% multifamily housing, 17% industrial, 19% retail, 39% office/commercial and 1% agriculture.

The geographic mix was 33% West, 16% Midwest, 37% East and 14% South.

The firm offers open- and closed-end funds and direct, separate accounts.

Prudential Property Investment Separate Account (PRISA), an open-end equity account, has $3.045 billion in contributions received and invested. PRISA is a broadly diversified "core" real estate portfolio, investing in completed, well-leased, investment-grade equity real estate.

Union Mortgage Account (UMA), an open-end mortgage account, has $148 million in contributions received and invested and $15 million in contributions received, but not invested. UMA is a commingled account investing primarily in fixed-rate mortgages and construction loans on properties to be built or substantially renovated by union contractors.

The parent company is Prudential Insurance Co. of America Inc. PREMISYS is a subsidiary.

John Hoffman, Dale Taysom, Joe Elsener and Ken Johnson are in charge of making property investments; Kevin Myers is client contact.

PSI Institutional Realty Advisors Inc.

600 N. Brand Blvd., Suite 300, Glendale, Calif. 91203; (818) 244-8080

	($ millions)
Tax-exempt real estate assets	622
Equity	622
Commingled or pooled funds	
Equity	366
Direct, separate accounts	
Equity	256
Total real estate assets	622

As of June 30, PSI Institutional Realty Advisors Inc. had $622 million in U.S. institutional tax-exempt real estate assets, none of which were discretionary.

The tax-exempt equity assets had a market value of $603 million as of June 30. Contributions committed but not received were $19 million.

Total real estate assets under management were $622 million.

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All U.S. tax-exempt assets were in developmental properties and invested in self-storage facilities.

The geographic mix was 35% West, 29% Midwest, 31% East and 5% South.

The firm offers closed-end funds and separate accounts.

The parent company is Public Storage Inc. Subsidiaries are Public Storage Management Inc. and Public Storage Development and Acquisition Group.

Hugh Horne is in charge of making property investments; William J. Chadwick is client contact.

The RREEF Funds

650 California St., Suite 1800, San Francisco, Calif. 94108; (415) 781-3300

	($ millions)
Tax-exempt real estate assets	4,454
Equity	4,395
Hybrid debt	59
Commingled or pooled funds	
Equity	2,397
Direct, separate accounts	
Equity	1,838
Hybrid debt	59
Co-investments	
Equity	160
Total real estate assets	4,943
Equity	4,827
Hybrid debt	116

As of June 30, The RREEF Funds had $4.454 billion in U.S. institutional tax-exempt real estate assets, of which $3.077 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.94 billion as of June 30. Contributions committed but not received were $1.455 billion.

Total real estate assets under management were $4.943 billion, of which $427 million was invested for non-U.S. clients and $27 million for non-U.S. pension funds.

All U.S. tax-exempt assets were in existing properties. The property mix was 1% land, 4% multifamily housing, 30% industrial, 35% retail and 30% office commercial.

The geographic mix was 41% West, 26% Midwest, 19% East and 14% South.

The firm invested $9.4 million in RTC properties.

The firm offers separate account management and an apartment REIT.

James D. King is in charge of making property investments; Stephen M. Steppe is client contact.

Schroder Real Estate Associates

437 Madison Ave., New York, N.Y. 10022; (212) 486-9800

	($ millions)
Tax-exempt real estate assets	640
Equity	640
Commingled or pooled funds	
Equity	390
Direct, separate accounts	
Equity	100
Co-investments	
Equity	150
Total real estate assets	1,040
Equity	1,040

As of June 30, Schroder Real Estate Associates had $640 million in U.S. institutional tax-exempt real estate assets, of which $460 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $410 million as of June 30. Contributions committed but not received were $230 million.

Total real estate assets under management were $1.04 billion, of which $400 million was invested for non-U.S. clients and $400 million for non-U.S. pension funds.

All U.S. tax-exempt assets were in existing properties. The property mix was 4% industrial, 73% retail and 23% office/commercial.

The geographic mix was 27% West, 2% Midwest, 23% East and 48% South.

The firm offers closed-end funds, separate accounts and co-investments.

Schroder Real Estate Value Enhancement Fund B, a closed-end fund, has $107 million committed but not received. It has an anticipated close of Dec. 31. The fund seeks to acquire three underused properties that can respond to active property construction management and leasing to generate 8% to 12% real returns over an eight- to 10-year period.

Schroder Center Management Inc. and Schroder Mortgage Associates are subsidiaries.

Norman L. Peck is in charge of making property investments; John E. Emmanuel is the client contact.

Sentinel Real Estate Corp.

1290 Avenue of the Americas, New York, N.Y. 10104; (212) 408-2987

	($ millions)
Tax-exempt real estate assets	1,903
Equity	1,817
Mortgages	86
Commingled or pooled funds	
Equity	792
Mortgages	48
Direct, separate accounts	
Equity	1,025
Mortgages	38
Total real estate assets	2,226
Equity	2,130
Mortgages	96

As of June 30, Sentinel Real Estate Corp. had $1.903 billion in U.S. institutional tax-exempt real estate assets, of which $1.343 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.438 billion as of June 30. Contributions committed but not received were $379 million.

Total real estate assets under management were $2.226 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 70% multifamily housing, 4% industrial, 7% retail and 19% office commercial.

The geographic mix was 38% West, 17% Midwest, 13% East and 32% South.

The firm offers separate accounts and open- and closed-end funds.

Sentinel Real Estate Fund, an open-end fund, has $724 million in contributions received and invested. It invests primarily in apartments.

Sentinel Realty Partners II, a closed-end fund with $21 million received and invested, has an expected closing date of December 1992. The fund invests exclusively in apartments.

John H. Streicker is in charge of making property investments; David Weiner is the client contact.

TCW Realty Advisors

865 S. Figueroa St., Suite 3500, Los Angeles, Calif. 90017; (213) 683-4200

	($ millions)
Tax-exempt real estate assets	3,865
Equity	3,466
Hybrid debt	399
Commingled or pooled funds	
Equity	1,819
Hybrid debt	175
Direct, separate accounts	
Equity	1,647
Hybrid debt	224
Total real estate assets	3,865

As of June 30, TCW Realty Advisors had $3.865 billion in U.S. institutional tax-exempt real estate assets, of which $2.556 billion million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $3.188 billion as of June 30. Contributions received but not invested were $25 million; contributions committed but not received were $2.53 million.

Total real estate assets under management were $3.865 billion.

Of the U.S. tax-exempt assets, 99% was in existing and 1% in developmental properties. The property mix was 24% industrial, 27% retail, 43% office commercial, and 6% zoned urban land.

The geographic mix was 58% West, 13% Midwest, 22% East and 7% South.

The firm offers direct separate accounts and closed-end commingled funds.

TCW Land Fund II, a closed-end fund, is scheduled to close Oct. 31. The objective of the fund is to realize capital appreciation through the ownership of underdeveloped and undeveloped land in major U.S. cities.

TCW Realty Advisors is a joint venture with Trust Company of the West.

Richard Pink is in charge of making property investments.

The Union Labor Life Insurance Co.

111 Massachusetts Ave. N.W., Washington, D.C. 20001; (202) 682-0900

	($ millions)
Tax-exempt real estate assets	462
Mortgages	462
Commingled or pooled funds	
Mortgages	462
Total real estate assets	662
Mortgages	662

As of June 30, The Union Labor Life Insurance Co. had $462 million in U.S. institutional tax-exempt real estate assets, all fully discretionary.

Total real estate assets under management were $662 million.

Of the U.S. tax-exempt assets, 10% was in existing and 90% in developmental properties. The property mix was 7.7% hotel/resort, 1.7% multifamily housing, 22.1% industrial, 27.9% retail, 40.4% office/commercial and 0.2% single-family post office.

The geographic mix was 23% West, 42% Midwest, 27% East and 8% South.

The firm offers open-end commingled accounts.

The Separate Account J (J for Jobs), an open-end fund, has $462 million in contributions received and invested. The fund invests in straight commercial first mortgages using a forward commitment process. The borrower must use 100% union labor.

The parent company is ULLICO Inc.

Tom Perkins is in charge of making property investments; Ken Hartman is the client contact.

Wells Fargo Realty Advisors

600 Montgomery St., 29th Floor, San Francisco, Calif. 94111; (415) 396-6222

	($ millions)
Tax-exempt real estate assets	682
Equity	492
Hybrid debt	182
Mortgages	8
Commingled or pooled funds	
Equity	123
Hybrid debt	28
Mortgages	8
Direct, separate accounts	
Equity	369
Hybrid debt	154
Total real estate assets	682

As of June 30, Wells Fargo Realty Advisors had $682 million in U.S. institutional tax-exempt real estate assets, of which $233 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $430 million as of June 30. Contributions received but not invested were $49 million; contributions committed but not received were $13 million.

Total real estate assets under management were $682 million.

Of the U.S. tax-exempt assets, 62% was in existing and 38% in developmental properties. The property mix was 19% land, 19% industrial, 35% retail, 23% office commercial, and 4% apartments.

The geographic mix was 63% West, 22% Midwest, 11% East and 4% South.

The firm offers open-end funds, separate accounts and specialized funds.

Wells Fargo Single Family Investment Program, a closed-end fund, has an anticipated closing date of Dec. 31 and a target of $200 million. The fund makes investments in single-family residential development projects. It focuses on entry-level housing projects. Wells Fargo co-invests 10% of the total capital committed. Investments are structured as debt and participating debt.

The parent company is Wells Fargo Bank.

Doug Hayek is in charge of making property investments; J. Michael Johnson is client contact.

The Yarmouth Group Inc.

10 E. 50th St., New York, N.Y. 10022; (212) 355-4810

	($ millions)
Tax-exempt real estate assets	4,505
Equity	4,325
Hybrid debt	180
Commingled or pooled funds	
Equity	215
Direct, separate accounts	
Equity	3,845
Hybrid debt	180
Co-investments	
Equity	265
Total real estate assets	7,355
Equity	6,875
Hybrid debt	480

As of June 30, The Yarmouth Group Inc. had $4.505 billion in U.S. institutional tax-exempt real estate assets, of which $3.95 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $3.8 billion as of June 30. Contributions committed but not received were $525 million.

Of the U.S. tax-exempt assets, $140 million was invested in the United Kingdom as of June 30.

Total real estate assets under management were $7.355 billion, of which $2.85 billion was invested for non-U.S. clients; $520 million was in non-U.S. properties; $2.1 billion was invested for Japanese clients; and $750 million was for non-U.S. pension funds.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 5% hotel/resort, 1% industrial, 43% retail and 51% office commercial.

The geographic mix was 37% West, 10% Midwest, 39% East and 14% South.

The firm offers a private REIT fund, co-investments, separate account management and asset portfolio workouts.

The Core Property Trust Inc., a private REIT, accepts subscriptions through March 1993. It has $215 million invested and $50 million committed but not received.

Subsidiaries are Yarmouth International and Yarmouth Property Management Inc.

David H. Solis-Cohen is in charge of making property investments; David R. Hodes is the client contact.

Index returns up and down

Russell value and growth stocks differed acutely this mid-year, with the Russell Price-Driven Index gaining 5.34% during the first half of the year, and the Russell Earnings Growth Index losing 5.98%.

The Frank Russell Co., Tacoma, Wash., calculates its indexes by splitting stocks into two groups: the Russell Earnings Growth Index, with higher price-to-book and price-earnings ratios; and the Russell Price-Driven Index, with low price-to-book and price-earnings ratios.

The indexes are monitored by Russell Data Services. ■

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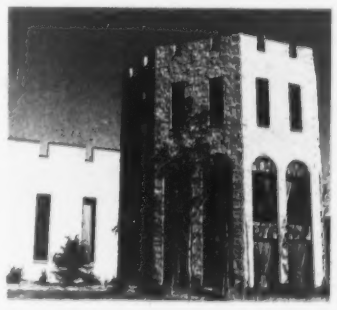
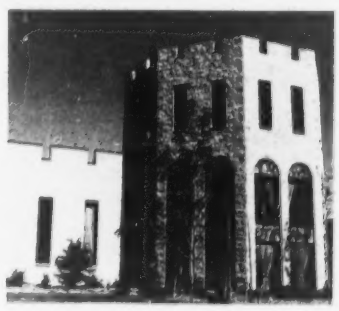


Sheraton Hotel, Denver

BEFORE HOSTMARK:

1989 House Profit

($77,172)



Sheraton Hotel, Denver

WITH HOSTMARK:

1990 House Profit

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2 Milwaukee funds support housing effort

By Hillary Durgin

MILWAUKEE — Two Milwaukee pension funds are investing $25 million to build affordable local housing through innovative financing strategies that could be replicated nationwide.

The Milwaukee County Employees' Retirement System has committed $15 million, and the pension fund for the Wisconsin Electric Power Co. and Wisconsin Natural Gas Co. has committed $10 million to a new hybrid mortgage-backed securities program.

The program was engineered by Robert W. Baird & Co. Inc., Milwaukee, an investment banking and asset management subsidiary of Northwestern Mutual Life Insurance Co.

It is part of a broad effort in Milwaukee by corporations, foundations, banks and neighborhood organizations to refurbish the community.

Under the Baird plan, which is not yet finalized, the $900 million Milwaukee County fund and the $500 million Wisconsin Electric fund would buy AAA rated, quasi-government-backed securities. The funds are the last stop in a series of transactions designed to strip risk from the deal.

"There's a mind-set that the process of financial engineering . . . can now start to work to serve areas of our country that are not being served, and the retirement systems are major players," said Alton Bathrick, senior vice-president at Baird.

The idea behind the deal, which involves multilayered financing, is to create a security that wouldn't normally be issued through a home-lending program and that has the same degrees of safety, liquidity and return as the creditworthy instruments pension funds have bought in the past.

The pension funds' up-front commitment to invest in the deal, plus Baird's role — as an investment banker in the transactions and an investment adviser to the funds — enables other investors to step in and assume the risk.

"We're supporting R.W. Baird and Bathrick in this end to improve various sectors of the city," said Gordon Willis, treasurer at Wisconsin Electric. "And we are also providing a market for the (government agency) securities that are created. We're not compromising returns, and we're not taking any risk."

Sources said the program is particularly innovative in its involvement of two local corporations — separate from the pension funds' investments — to help provide financing. The companies are targeting specific neighborhoods that are near their facilities and that they want to rejuvenate. And they're doing this through the creation of new securities pension investors can buy.

"I don't think it's been done where employers were looking to help their employees and were targeting specific neighborhoods," said Robert Sahadi, vice president at the Federal National Mortgage Association, Washington, which might issue some of the securities.

Under the corporate program, Wisconsin Electric is sponsoring an employer-assisted housing program to help employees purchase homes in neighborhoods that are distressed but near to where they work. Under the plan, the company would select a local bank to process the mortgages, which ultimately would be pooled and issued as securities by Fannie Mae. Pension fund investors such as Milwaukee County could buy these securities.

"They get the best of both worlds, helping their community and having the highest quality investment," said Fannie Mae's Mr. Sahadi. Fannie Mae launched an employer-assisted housing program last spring and has an economically targeted investment initiative that incorporates many of its products as well.

Under a separate initiative, WPL Holdings Inc., the parent of Wisconsin Power & Light Co., is backing a $100 million bond issue by a local housing authority — rated A+ by Standard & Poor's Corp. — to provide affordable rental housing. Pension funds could buy these securities as well.

The initiatives under way at Baird are among several new programs that could presage a new wave of economically targeted investment opportunities that meet pension investors' need for market rates of return at minimal to no risk.

The Baird plan is similar to a recent transaction in which the General Board of Pensions of the United Methodist Church, Evanston, Ill., invested $5 million in low-income housing (*Pensions & Investments*, May 11). The program, expected to total $100 million, was engineered by the Local Initiatives Management Assets Corp., New York, which is partly capitalized by the Ford Foundation, and the Federal Home Loan Mortgage Corp.

Under that program, LIMAC will purchase low-income rental housing mortgages from lenders, swap the mortgages for Freddie Mac securities, sell those securities to institutional investors and then recycle the money into new low-income housing and community revitalization.

"You've got a corporate guarantee in the WPL transaction; in the LIMAC transaction you've got a Freddie Mac guarantee; and in the employer-assisted (housing) you've got a Fannie Mae guarantee," Mr. Bathrick said.

"And all three of those securities are going to trade like normal securities."

Baird will only buy securities that meet the pension funds' benchmarks. For the county fund, the benchmark is the Lehman Brothers Government/Corporate Bond Index; the benchmark for the Wisconsin Electric fund is the Lehman Brothers Aggregate Bond Index, according to fund officials.

Meanwhile, the funds' assets are being managed according to typical fixed-income strategies. Under the terms of their contracts, the funds are giving Baird between two and three years to purchase the securities.

Richard Ferlauto, public capital coordinator for the Center for Policy Alternatives, Washington, said the dearth of traditional lending from community banks and insurance companies has led pension funds to re-examine the role they can play as investors in socially responsible programs that don't involve concessions. In addition, the federal government is putting pressure on organizations such as Freddie Mac and Fannie Mae to increase their affordable housing lending, he said.

Meanwhile, the Department of Labor's Advisory Council on Employee Welfare and Pension Benefit Plans is examining pension funds' role in economically targeted investments. The council is considering, for example, whether further regulatory or legal guidance may be necessary.

A study completed by the U.S. Government Accounting Office in June found pension fund investors have made successful investments in affordable housing, but that any federal efforts to expand pension funds' involvement should include several elements, including the ability to invest in liquid securities and the presence of government assistance in the form of subsidies or investment safeguards. ■

Drop

Continued from page 1

than $1 billion; LaSalle Advisors Ltd., which invested in high-quality office, retail and industrial properties, a $820 million reduction; Aetna Realty Investors, a core investor, or an investor in lower-risk substantially leased properties, a $750 million reduction; J.P. Morgan Investment Management Inc., which invested in some properties with high potential for income growth, a $515 million reduction; The Balcor Co., an investor in a variety of property types, a $480 million reduction; Copley Real Estate Advisors, which invested heavily in recently developed industrial, warehouse and mixed-use properties, a $475 million reduction; Equitable Real Estate Investment Management Inc., a core property investor, a $474 million reduction; Aldrich, Eastman & Waltch, which used a variety of hybrid debt and equity structured deals, reported a $470 million reduction; and Karsten Realty Advisors, which focused on opportunistic core properties, a $377 million reduction.

Some advisers reported smaller losses: GE Investments, an investor for long-term growth in a variety of property types, reported a $298 million reduction on its real estate portfolio; L&B Real Estate Counsel (formerly Lehndorff & Babson Real Estate Counsel), an investor in core properties, a $158 million reduction; and Cabot Partners L.P., an investor in office and industrial properties, a $134 million reduction.

The reversal in growth is a new experience for most of these managers. During the 1980s, they gained hundreds of millions of dollars each year. For many, the declining portfolios mean income losses at a time when they are increasing expenditures to improve or maintain leasing of office, retail, and industrial buildings.

Using a typical real estate fee of 100 basis points per year on the tax-exempt assets under management, the 50 largest real estate advisers might have found themselves with $94 million less in income for the period.

"In no small measure, the losses are attributable to the fact real estate is now being priced comparatively in the capital markets," said Nori Gerardo, a principal and consultant in real estate in the Portland, Ore., office of Pension Consulting Alliance.

Real estate money managers are being forced to price real estate down to where it can compete in returns with stock, bond and other capital markets.

She said capitalization rates, a critical factor in valuing properties, have risen significantly during the past 15 months. In the current market of declining rents, as capitalization rates rise, the value of real estate falls.

The rise in those rates generally means big losses in property values bought by advisers during the 1980s when capitalization rates were near record lows.

Simply put, going-in capitalization rates are equivalent to a current yield on real estate at the time of acquisition. Capitalization rate assumptions are used by appraisers to reflect the value of real estate assets.

"If you had a building valued 24 months ago at a 6% capitalization rate and today it is an 8% capitalization rate, even if the current income remains the same, the building had more than a 30% decline in value," said Ms. Gerardo. Consultants say capitalization rates on some office buildings have increased more than 200 basis points during the past few years.

In the 1980s, the capitalization rates used for real estate were below the current yields on 10-year Treasury securities. "In a rational pricing system, that difference between the real estate capitalization rates and Treasury current yields didn't make sense because it suggested that real estate was a safer investment than Treasuries," said Ms. Gerardo.

"There has been a fundamental repricing in real estate going on over the last 18 months," she said.

T. Robert Burke, a principal at AMB Institutional Realty Advisors, San Francisco, said he thinks the drop in assets under management is due to "a combination of writedowns, the loss of some accounts in some cases, and some managers selling off properties" because some closed-end funds have matured and many open-end funds need cash to meet withdrawal requests.

But some niche players increased their assets under management.

One of the oldest managers — The RREEF Funds — reported a gain of just more than $1 billion. Although RREEF has been known as an investor in core properties, the firm does workouts. Donald King, a partner at RREEF, estimates the firm has taken over $250 million to $300 million in real estate assets once managed by other advisers. RREEF also won some large public fund separate accounts, he said.

Another gainer was AMB Institutional, which focuses on mid-sized industrial and retail properties and does workouts. It added $504 million in tax-exempt assets.

"People are shying away from office properties and other large trophy properties. Really, the only markets that are alive today are markets that we are in, namely medium-size retail and industrial, which we invest in, or apartments," said Mr. Burke.

"But I don't want to give you the wrong impression. There isn't a lot of business out there. We have just been able to get more than our share."

Other gainers were The O'Connor Group, an investor in retail malls, $489 million; Prudential Realty Group, an investor in a variety of property types, $229 million; and Sentinel Real Estate Corp., which invests primarily in apartments, $118 million. ■

AEW

Continued from page 15

AEW-State Street Fund VI.

Another pension fund client of AEW, that of the Brown & Williamson Tobacco Co., Louisville, Ky., is having a "difference of opinion" with AEW, said Jim Caudill, director of corporate finance for the $750 million fund. He said he couldn't comment further.

Ronald C. Boller, a vice president and director of benefit and risk finance for Owens-Illinois Inc., Toledo, Ohio, said he "hates to see good men leave" AEW and he is concerned about recent personnel changes.

But, Mr. Boller said he still remains very confident about AEW. Last year, the Owen-Illinois fund decided to put all of its real estate investments — $190 million — with AEW. After a 10-year relationship with the firm, Mr. Boller said, he found AEW was the only real estate manager of the three employed by Owens-Illinois really adding value.

Although an imprecise science, determining which managers add value has become very important for many pension funds. A manager that adds value is one that provides return in excess of the market in which it has invested.

AEW's Mr. Azrack said the reorganization at AEW permits it to continue to add value for its investors in the 1990s and to continue as a "leading edge" investor in real estate.

AEW is now focusing on four lines of business: asset management — the efficient management of capital invested in existing portfolios to maximize returns; fixed income — generally, straight commercial mortgage investments; higher-yield equity investments — those targeting investments with higher risk/return profiles; and innovative investment strategies — including a broad range of investment tools from modern portfolio theory to securitization.

Mr. Azrack said AEW has added client advocates whose sole job is to look out for client interests. Previously, he said, AEW had its personnel integrated into several positions that sometimes created conflicts.

AEW still has the confidence of many of its clients, according to Renny Merritt, a director. He said those clients have coughed up more than $500 million this year for AEW to invest in straight commercial mortgages.

The departing Mr. Burd said many of the changes at AEW are good. AEW executives, he said, have "a lot of their problems behind them" and the new AEW has "more line responsibility. Before, a lot of people did different things."

"The management of the firm is now focused. That was not the case three years ago," he said.

AEW has been aggressive in writing down its properties and marking them to true values, said former director Mr. Doyle. "AEW has gone through tremendous difficulty, but they are through it. I think the bad news is behind them." ■

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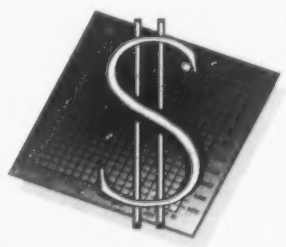

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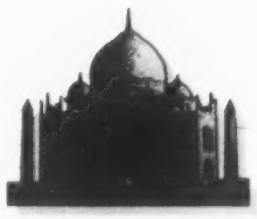

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Overseas

Continued from page 3

areas expected to receive added interest are currency management, emerging markets and managers offering multiple investment strategies.

Tektronix Inc., Beaverton, Ore., with a $310 million pension fund, recently made its first international investment, choosing active equities. The fund hired Baring International Investment, London, and Templeton International, Fort Lauderdale, Fla., for about $10 million each.

Chad Rennaker, analyst-treasury operations, said the fund decided to move into international equities for diversification. He said the fund will slowly increase its international equity exposure up to 10% of the total portfolio.

The $475 million pension fund of Oryx Energy Co., Dallas, decided to move to a fully active international equity portfolio from half active and half passive, said Melinda L. Boylan, manager-trust investment.

"It had been proven with past managers that we did gain value from active management, so we decided to move both our domestic and international asset classes to active management," she said.

Oryx retained Capital Guardian Trust Co., Los Angeles, which manages an active pooled account with a value bias. Rowe Price-Fleming International Inc., Baltimore, and Baillie Gifford Overseas Ltd., Edinburgh, Scotland, were added for active separate account management.

Each of the managers will run roughly $25 million.

The $4.6 billion State Universities' Retirement System of Illinois, Champaign, also moved toward active international equity management from passive, said Kenneth E. Codlin, chief investment officer.

"We decided to reduce our reliance on indexing out of a concern for the basic assumption behind indexing. That is, that markets are valued on a consistent basis relative to each other. But we have seen that value is often set by local conditions, which can vary widely," he said.

The fund reduced to $200 million from $300 million its passive international portfolio run by Wells Fargo Nikko Investment Advisors, San Francisco, and added three active international equity managers to run a total of $200 million.

Brinson Partners Inc., Chicago, will manage $100 million in an active country allocation strategy, with indexed investments within those countries. IDS International, Minneapolis, and Martin Currie Inc., Edinburgh, Scotland, each will manage $50 million.

Mr. Codlin said each manager was authorized to run a currency hedging program against an EAFE benchmark. "We will see how it goes with these managers and possibly later add a separate (currency) manager."

Eager & Associates' Mr. Davis said almost half the pension funds with more than $50 million in international equities indicate "they are looking at currency risk products and are considering whether to make a hire in this area." But Callan's Mr. Allen said such interest is not necessarily being translated into the hiring of currency overlay specialists.

The $5.7 billion Illinois Municipal Retirement Fund, Chicago, recently decided to hire a currency overlay specialist and an emerging markets manager. Walter Koziol, director-investments, said J.P. Morgan Investment Management Inc., New York, was hired late last year to run an overlay on a $136 million portfolio. Existing manager Baring International began to use a hedged benchmark in January on a $180 million equity portfolio.

"We sought to control volatility of our currency positions and to add what we hope will be significant value to our portfolio," Mr. Koziol said.

In January, Illinois Municipal invested in the Emerging Market Fund, a pooled vehicle offered by Capital Guardian. "Several of our existing international equity managers already invested to a certain degree in emerging countries. We reviewed the returns, potential returns and the possibility of risk reduction through diversification with an emerging market portfolio. We added the emerging markets investment as a diversifier to pump up our returns," he said.

The fund has $806 million, or 14% of its portfolio, in international equities and $174 million, or 3%, in international bonds.

Several consultants noted pension executives increasingly are considering a manager's secondary capabilities — whether for currency hedging or emerging market investments — as a means of distinguishing between managers they are hiring for active core international equity portfolios.

Massachusetts State Teachers and Employees Retirement System Trust, Boston, with about $6.4 billion in assets, just completed a restructuring of its international investment portfolio.

"We sought broader exposure to the international arena and enhanced returns to help us meet our targets in order to meet our underfunded pension liabilities," said Mark A. Baker, chief investment analyst.

The most critical change, he said, was changing to active global fixed income from active non-U.S. fixed income: "We sought worldwide exposure in interest rates, because we saw much more opportunities for higher returns." Scudder, Stevens & Clark, New York, and The Putnam Cos. Inc., Boston, were hired, and current manager Massachusetts Financial Services, Boston, switched to a global mandate.

In international equities, the fund had a regional focus, with one active European account and one active Far East-minus-Japan portfolio.

Three international equity managers also were hired. PanAgora Asset Management, Boston, is managing a trade-weighted passive EAFE index account; Fidelity Management Trust Co., Boston, maintains an active regional focus on Europe and the BEA Associates, New York, uses an active top-down/bottom-up strategy across all markets as well as explore emerging market opportunities.

The fund also retained Wardley International Investment Services Ltd., New York, as a Far East regional manager, only now the account will include Japanese stocks. Mr. Baker declined to give specific figures allotted to each manager.

Massachusetts Teachers' targets for international assets now are between 14% and 15% of the total portfolio, with 10% in international equities and 4% to 5% in global fixed income. ■

Demand grows for international investments

All funds	Now use 1989	Now use 1990	Now use 1991	Plan to hire 1989	Plan to hire 1990	Plan to hire 1991
International stocks	37	38	44	10	14	13
International bonds	35	15	17	3	6	5
Corporate funds						
International stocks	37	37	41	10	13	14
International bonds	36	12	14	2	4	4

Source: Greenwich Associates, Greenwich, Conn. A TRANCHITA

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